

Arabian Cement Company S.A.E.
Condensed Consolidated Interim
Financial Statements together with
Limited Review Report
for the six months ended June 30, 2023

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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, 2023, 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 the 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) – Limited 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 matters 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 statements are not prepared, in all material respects, in accordance with Egyptian Accounting Standard No. (30) - Interim Financial Reporting.

Cairo, August 13, 2023


Wafik Alfred Hanna
CPA, FESAA
F.R.A. No. (132)
R.A.A. 9176



Arabian Cement Company (S.A.E.)
Condensed Consolidated Statement of Financial Position
as of June 30, 2023

	Note No.	June 30, 2023 EGP	December 31, 2022 EGP
Assets			
Non-current assets			
Property, plant and equipment (net)	(10)	1 753 051 163	1 839 104 558
Assets under construction	(11)	3 952 133	3 952 133
Intangible assets (net)	(12)	177 305 950	191 268 364
Right of use assets (net)	(26)	14 563 420	12 992 066
Investment in a joint venture	(13)	2 491 527	2 569 276
Total non-current assets		1 951 364 193	2 049 886 397
Current assets			
Inventories	(14)	663 365 405	624 486 267
Trade receivables (net)	(15)	356 823 037	79 554 875
Debtors and other debit balances (net)	(16)	255 730 284	235 320 162
Due from related parties	(25)	95 368	76 140
Cash and bank balances	(17)	537 352 098	818 442 022
Total current assets		1 813 366 192	1 757 879 466
Total assets		3 764 730 385	3 807 765 863
Equity and liabilities			
Equity			
Issued and paid-up capital	(18)	757 479 400	757 479 400
Legal reserve	(19)	294 829 535	260 543 120
Retained earnings		440 745 101	145 003 980
Equity attributable to owners of the Parent Company		1 493 054 036	1163 026 500
Non-controlling interests	(20)	39 793	38 121
Total Equity		1493 093 829	1163 064 621
Liabilities			
Non-current liabilities			
Borrowings	(21)	99 941 308	177 476 090
Deferred tax liabilities	(8-3)	243 748 156	266 201 710
Lease liabilities	(26)	7 781 705	6 724 129
Notes payable	(22)	3 129 945	4 544 514
Total non-current liabilities		354 601 114	454 946 443
Current liabilities			
Trade and notes payable	(22)	1 087 788 361	847 567 285
Credit facilities	(21)	199 258 628	360 644 205
Current income tax liability	(8-2)	97 670 083	198 386 556
Current portion of long term borrowings	(21)	195 765 215	163 534 780
Lease liabilities	(26)	7 967 376	6 411 505
Creditors and other credit balances	(24)	259 332 063	299 002 000
Due to related parties	(25)	--	369 246
Dividends payable		--	249 968 203
Provisions	(23)	69 253 716	63 871 019
Total current liabilities		1 917 035 442	2 189 754 799
Total Liabilities		2 271 636 556	2 644 701 242
Total equity and liabilities		3 764 730 385	3 807 765 863

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



Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer

- Auditor's report attached.

Arabian Cement Company (S.A.E)
Condensed Consolidated Statement of profit and loss
for the six months ended June 30, 2023

EGP	Note No.	For the three months ended in		For the six months ended in	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Sales (net)	(3)	1 474 024 267	1 068 433 636	3 184 034 587	2 129 458 953
Cost of sales	(4)	(1 280 513 943)	(874 859 186)	(2 536 411 167)	(1 704 834 656)
Gross profit		<u>193 510 324</u>	<u>193 574 450</u>	<u>647 623 420</u>	<u>424 624 297</u>
Add/(deduct):					
General and administrative expenses	(5)	(48 248 740)	(28 126 583)	(88 988 011)	(52 000 316)
Provisions	(23)	(3 637 195)	(44 792 000)	(6 679 195)	(91 429 423)
Expected credit losses on trade receivables	(15)	(889 060)	--	(1 777 900)	--
Interest income		8 389 797	850 603	17 595 256	1 064 067
Other income		3 158 283	448 101	3 643 803	16 138 556
Finance costs	(6)	(29 616 331)	(11 285 577)	(54 692 114)	(25 771 475)
Share of (loss) profit of a joint venture		(43 727)	33 580	(77 749)	81 382
Foreign currency exchange losses		(863 851)	(13 391 676)	(105 071 945)	(64 493 972)
Net profit for the period before tax		<u>121 759 500</u>	<u>97 310 898</u>	<u>411 575 565</u>	<u>208 213 116</u>
Income tax	(8-1)	(26 441 785)	(36 662 374)	(74 482 577)	(88 710 970)
Net profit for the period after tax		<u>95 317 715</u>	<u>60 648 524</u>	<u>337 092 988</u>	<u>119 502 146</u>
Profit attributable to:					
Owners of the Parent Company		95 318 816	60 643 742	337 091 316	119 494 463
Non-controlling interests	(20)	(1 101)	4 782	1 672	7 683
		<u>95 317 715</u>	<u>60 648 524</u>	<u>337 092 988</u>	<u>119 502 146</u>
Earnings per share for the period	(9)	<u>0.24</u>	<u>0.16</u>	<u>0.88</u>	<u>0.31</u>

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



Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer

Translation of the consolidated financial statements
originally issued in Arabic.

Arabian Cement Company (S.A.E)
Condensed Consolidated Statement of Comprehensive Income
for the six months ended June 30, 2023

EGP	For the three months ended in		For the six months ended in	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Net profit for the period after tax	95 317 715	60 648 524	337 092 988	119 502 146
Items of other comprehensive income	--	--	--	--
Comprehensive income for the period	95 317 715	60 648 524	337 092 988	119 502 146

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



Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer

Arabian Cement Company (S.A.E)
Condensed Consolidated Statement of Changes in Shareholders' Equity
for the six months ended June 30, 2023

	Issued and paid-up capital		Legal reserve		Retained earnings		Attributable to the owners of the Parent Company		Non-controlling interests		Total	
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2022	757 479 400		257 830 772		45 625 489		1 060 935 661		38 681			1 060 974 342
Transferred to legal reserve	--	2 712 348	--		(2 712 348)	--	--		--			--
Dividends distributed to employees	--	--	--		(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
Balance as of January 1, 2023	757 479 400		260 543 120		145 003 980		1 163 026 500		38 121			1 163 064 621
Transferred to legal reserve	--	34 286 415	--		(34 286 415)	--	--		--			--
Dividends distributed to employees	--	--	--		(7 063 780)		(7 063 780)		--			(7 063 780)
Total comprehensive income for the period	--	--	--		337 091 316		337 091 316		1 672			337 092 988
Balance at June 30, 2023	757 479 400		294 829 535		440 745 101		1 493 054 036		39 793			1 493 093 829

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Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer

Arabian Cement Company (S.A.E)
Condensed Consolidated Statement of Cash flow
for the six months ended June 30, 2023

EGP	Note No.	June 30, 2023	June 30, 2022
<u>Cash flows from operating activities</u>			
Net profit for the period before tax		411 575 565	208 213 116
<u>Adjusted by:</u>			
Finance costs	(6)	54 692 114	25 771 475
Interest income		(17 595 256)	(1 064 067)
Share of loss (profit) of a joint venture	(13)	77 749	(81 382)
Depreciation of property, plant and equipment	(10)	104 656 281	102 995 393
Amortization of intangible assets	(12)	13 962 414	13 962 413
Amortization of right of use assets	(26)	3 213 997	2 795 323
Expected credit losses on trade receivables	(15)	1 777 900	--
Unrealized foreign currency exchange losses from borrowings		33 913 044	30 130 436
Provisions	(23)	6 679 195	91 429 423
		612 953 003	474 152 130
Increase in inventories		(38 879 138)	(379 578 918)
Increase in debtors and other debit balances		(35 907 731)	(114 267 332)
Increase in trade receivables		(279 046 062)	(70 426 252)
Increase in amounts due from related parties		(19 228)	(55 071)
(Decrease) increase in creditors and other credit balances		(39 669 937)	134 566 812
Increase in trade and notes payable		238 806 507	363 189 796
Decrease in amounts due to related parties		(369 246)	(9 920 574)
Provisions used	(23)	(1 296 498)	(20 924 489)
Cash flows generated from operating activities		456 571 670	376 736 102
Finance costs paid		(54 211 329)	(24 889 005)
Income tax paid		(189 218 775)	(19 382 055)
Net cash flows generated from operating activities		213 141 566	332 465 042
<u>Cash flows from investing activities</u>			
Payments for purchase of property, plant and equipment		(18 602 886)	(4 715 799)
Interest income received		17 595 256	1 064 067
Net cash flows used in investing activities		(1 007 630)	(3 651 732)
<u>Cash flows from financing activities</u>			
Net movement for borrowings		(79 217 391)	(54 617 427)
Net movement for credit facilities		(161 385 577)	(123 566 967)
Repayment for lease liabilities	(26)	(2 652 689)	(718 900)
Dividends paid		(249 968 203)	(6 927 439)
Net cash flows used in financing activities		(493 223 860)	(185 830 733)
Net change in cash and cash equivalents during the period		(281 085 924)	142 982 577
Cash and cash equivalents at the beginning of the period		818 442 022	128 250 456
Cash and cash equivalents at the end of the period	(17)	537 352 098	271 233 033

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



Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
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 the provisions of Law No. 230 of 1989 and Law No. 95 of 1992 according to the decree of the Chairman of the General Authority for Investment and Free Zone (GAFI) No. 167 of 1997.

The Company was registered in 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 13, 2023.

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, 2022.

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, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<u>Local</u>				
Sales	834 550 972	845 866 307	1 805 344 539	1 770 218 007
Services	18 352 888	30 866 117	33 424 819	65 332 470
	852 903 860	876 732 424	1 838 769 358	1 835 550 477
<u>Export</u>				
Sales	488 694 294	175 103 453	1 063 629 964	247 109 339
Services	132 426 113	16 597 759	281 635 265	46 799 137
	621 120 407	191 701 212	1 345 265 229	293 908 476
TOTAL	1 474 024 267	1 068 433 636	3 184 034 587	2 129 458 953

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, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Raw materials	1 027 096 484	727 999 056	2 003 702 449	1 385 635 808
Manufacturing depreciation	52 204 928	51 179 692	103 371 506	101 822 635
Amortization of intangible assets	7 019 778	7 019 778	13 962 414	13 962 414
Amortization of right of use	1 740 514	1 357 372	3 213 997	2 795 323
Transportation cost	120 997 871	30 008 753	266 293 142	81 803 505
Overhead cost	71 454 368	57 294 535	145 867 659	118 814 971
TOTAL	1 280 513 943	874 859 186	2 536 411 167	1 704 834 656

5. General and administration expenses

The analysis of the Group's general and administration expenses for the period is as follows:

EGP	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Professional fees	6 299 743	5 118 660	14 107 862	9 128 730
Salaries and wages	18 360 009	9 084 655	32 478 290	17 034 238
Security and cleaning services	617 236	298 756	885 234	556 802
Rentals	22 443	353 729	67 287	372 610
Transportation	4 954 457	716 941	6 127 959	1 272 978
Advertising	980 584	553 995	2 205 143	1 260 045
Administration depreciation	548 413	581 497	1 284 775	1 172 758
Other expenses	16 465 855	11 418 350	31 831 461	21 202 155
TOTAL	48 248 740	28 126 583	88 988 011	52 000 316

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, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Loan interest expense	11 762 647	8 685 730	23 422 003	16 416 359
Lease contracts interests	327 537	244 971	480 785	597 135
Bank overdraft interest expense	17 302 886	2 218 999	30 363 261	8 508 984
Other finance cost	223 261	135 877	426 065	248 997
TOTAL	29 616 331	11 285 577	54 692 114	25 771 475

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, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Board of directors' salaries and allowances	12 793 229	5 279 792	20 925 213	9 775 136
TOTAL	12 793 229	5 279 792	20 925 213	9 775 136

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

8. Income taxes

8.1 Income tax expense recognised in condensed consolidated statement of profit or loss

EGP	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
CURRENT TAX				
Current tax expense for the current period	25 692 115	43 074 783	96 936 131	100 211 401
DEFERRED TAX				
Net deferred tax recognized in the current period	749 670	(6 412 409)	(22 453 554)	(11 500 431)
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD	26 441 785	36 662 374	74 482 577	88 710 970

8.2 Current tax liabilities

EGP	June 30, 2023	December 31, 2022
Current tax liabilities	97 670 083	198 386 556
CURRENT TAX LIABILITIES	97 670 083	198 386 556

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

30 June 2023	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES):			
Property, plant & equipment	(266 201 710)	12 331 380	(253 870 330)
ASSETS:			
Unrealized Forex foreign exchange Losses	--	10 122 174	10 122 174
NET DEFERRED TAX LIABILITY	(266 201 710)	22 453 554	(243 748 156)

31 December 2022	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	(301 472 827)	35 271 117	(266 201 710)
NET DEFERRED TAX LIABILITY	(301 472 827)	35 271 117	(266 201 710)

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, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Earnings for basic and diluted earnings per share				
Profit/loss for the period attributable to owners of the parent	95 318 816	60 643 742	337 091 316	119 494 463
Employees share in distributable profits (note 16)	(2 671 201)	(1 755 307)	(5 197 596)	(3 444 644)
Distributable profit for the period	92 647 615	58 888 435	331 893 720	116 049 819
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
EARNINGS PER SHARE	0.24	0.16	0.88	0.31

Arabian Cement Company S.A.E
Condensed Consolidated Interim Financial statements
Together with limited review Report
For the six months ended June 30, 2023

10. Property, plant and equipment (net)

COST	EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software	Total
Balance at January 1, 2022	50 243 436	--	662 066 259	47 674 756	2 882 498 314	15 836 471	303 432 827	22 362 299	3 984 114 362
Additions	--	--	850 000	1 981 180	466 996	8 250	538 685	870 688	4 715 799
Balance at June 30, 2022	50 243 436	50 243 436	662 916 259	49 655 936	2 882 965 310	15 844 721	303 971 512	23 232 987	3 988 830 161
Balance at January 1, 2023	50 243 436	--	669 653 224	61 826 691	2 886 293 199	15 892 264	304 062 824	23 517 100	4 011 488 738
Additions	--	--	8 219 790	4 624 948	2 993 936	727 485	432 203	1 604 524	18 602 886
Adjustments	--	--	--	--	(217 255)	--	--	--	(217 255)
Balance at June 30, 2023	50 243 436	50 243 436	677 873 014	66 451 639	2 889 069 880	16 619 749	304 495 027	25 121 624	4 029 874 369
ACCUMULATED DEPRECIATION									
Balance at January 1, 2022	--	--	302 016 098	32 508 527	1444 187 878	10 209 528	153 874 930	21 372 212	1 964 169 173
Depreciation expenses	--	--	14 019 131	2 117 424	77 788 606	648 153	7 892 132	529 947	102 995 393
Balance at June 30, 2022	--	--	316 035 229	34 625 951	1 521 976 484	10 857 681	161 767 062	21 902 159	2 067 164 566
Balance at January 1, 2023	--	--	330 340 343	37 240 898	1601 280 541	11 446 424	169 828 036	22 247 938	2 172 384 180
Depreciation expense	--	--	13 947 401	2 987 035	78 522 474	518 776	7 914 596	765 999	104 656 281
Adjustments	--	--	--	--	(217 255)	--	--	--	(217 255)
Balance at June 30, 2023	--	--	344 287 744	40 227 933	1 679 585 760	11 965 200	177 742 632	23 013 937	2 276 823 206
CARRYING AMOUNT									
At June 30, 2023	50 243 436	50 243 436	333 585 270	26 223 706	1 209 484 120	4 654 549	126 752 395	2 107 687	1 753 051 163
At June 30, 2022	50 243 436	50 243 436	346 881 030	15 029 985	1 360 988 826	4 987 040	142 204 450	1 330 828	1 921 665 595
At December 31, 2022	50 243 436	50 243 436	339 312 881	24 585 793	1 285 012 658	4 445 840	134 234 788	1 269 162	1 839 104 558

- On February 24, 2019, there was 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 changing the 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 issued an insurance policy 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, and the bank is the first and only beneficiary of this policy.

- The depreciation expense for the item of furniture and computers is included in the item of general and administrative expenses, Note (5) in the amount of EGP 1 284 775. The depreciation expense for the remaining assets is included in the cost of sales of Note (4) in the amount of EGP 103 371 506.

11. Assets under construction

EGP	June 30, 2023	December 31, 2022
Balance as of January 1	3 952 133	3 261 312
Additions	--	690 821
Balance as of June 30, 2023	3 952 133	3 952 133

12. Intangible assets (net)

EGP	Operating license	Electricity contract	Total
<u>Cost</u>			
Cost as of January 1, 2023	563 204 713	225 200 000	788 404 713
Cost as of June 30, 2023	563 204 713	225 200 000	788 404 713
<u>Accumulated amortization</u>			
Accumulated amortization as of January 1, 2023	(371 936 349)	(225 200 000)	(597 136 349)
Amortization for the period	(13 962 414)	--	(13 962 414)
Total accumulated amortization as of June 30, 2023	(385 898 763)	(225 200 000)	(611 098 763)
Net book value June 30, 2023	177 305 950	--	177 305 950
Net book value December 31, 2022	191 268 364	--	191 268 364

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 the 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 the Central Bank of Egypt (CBE).

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 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, 2023	December 31, 2022
Andalus Reliance for Mining Company	Egypt	50%	2 491 527	2 569 276
TOTAL			2 491 527	2 569 276

14. Inventories

EGP		June 30, 2023	December 31, 2022
Raw materials		80 477 738	46 452 661
Fuel		268 413 928	98 641 560
Packing materials		39 027 257	73 001 447
Spare parts		21 478 683	17 627 958
Work in progress		3 211 114	2 574 802
Finished goods		250 756 685	386 187 839
TOTAL		663 365 405	624 486 267

15. Trade receivables, net

EGP		June 30, 2023	December 31, 2022
Trade receivables		361 813 657	82 767 595
Less: Expected credit loss		(4 990 620)	(3 212 720)
TOTAL		356 823 037	79 554 875

16. Debtors and other debit balances, net

EGP		June 30, 2023	December 31, 2022
Advance to suppliers		125 520 587	109 629 286
Withholding tax		21 237 939	19 932 531
Prepaid expenses		13 908 696	8 245 720
Value added tax		3 064 786	2 881 728
Real estate tax		1 572 127	1 572 127
Deposit with others		79 316 179	79 316 179
Employees' dividends in advance		5 197 596	7 063 780
Letters of guarantee – cash margin		851 851	2 903 851
Cash imprest fund		7 142 379	5 579 582
Other debit balances		114 234	391 468
Less: Impairment losses in debtors		(2 196 090)	(2 196 090)
TOTAL		255 730 284	235 320 162

17. Cash and bank balances

EGP	June 30, 2023	December 31, 2022
Cash in hand	4 318 747	3 146 331
Current account – local currency	132 186 888	575 266 143
Current account – foreign currency	40 687 220	112 335 882
Bank deposits	360 159 243	127 693 666
Total	537 352 098	818 442 022

18. Capital

EGP	June 30, 2023	December 31, 2022
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, 2023	December 31, 2022
Balance at beginning of period	38 121	38 681
Profit / (loss) attributable to non-controlling interest	1 672	(560)
Balance at end of period	39 793	38 121

21. Borrowings

EGP	Current		Non-current	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
First: Credit facilities				
Credit facilities – CIB	182 436 838	162 164 643	--	--
Credit facilities – NBE	16 821 790	198 479 562	--	--
Total Facilities	199 258 628	360 644 205	--	--
Second: Bank loans				
Bank loans - CIB	61 200 000	56 100 000	66 300 000	96 900 000
Bank loans - EBRD	134 565 215	107 434 780	33 641 308	80 576 090
Total bank Loans	195 765 215	163 534 780	99 941 308	177 476 090

22. Trade and notes payable

EGP	Current		Non-current	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Local trade payables	562 916 102	538 068 704	--	--
Foreign trade payables	521 965 448	306 432 404	--	--
Notes payable*	2 906 811	3 066 177	3 129 945	4 544 514
Total	1 087 788 361	847 567 285	3 129 945	4 544 514

* The value of the notes payable represents the value of the checks issued in favour of City Gas, which resulted from the settlement of the previous dispute with the company regarding the differences in gas consumption, and a settlement in 2020 agreement was reached whereby the company charged EGP 19 847 553, which was paid with notes payables until 2025 recognized at net present value. The undiscounted value of the notes payables obligation at the end of the period amounted to EGP 8 847 553.

23. Provision for claims

EGP	
Balance at January 1, 2023	63 871 019
Additional provisions recognized	6 679 195
Provisions used during the period	(1 296 498)
Balance at June 30, 2023	69 253 716

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, 2023	December 31, 2022
Advances from customers	98 851 802	140 386 136
Accrued development fees	10 437 817	10 433 957
Accrued customers rebates	61 531 705	74 784 633
Accrued expenses	26 697 196	22 914 785
Retention	4 830 301	4 830 301
Accrued interest	2 719 832	2 759 721
Accrued taxes	40 016 765	27 009 775
Accrued revenue – Grant	11 581 517	12 193 446
Other	2 665 128	3 689 246
TOTAL	259 332 063	299 002 000

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, 2023	June 30, 2022
Andalus Reliance for Mining Company	Joint Venture	Purchases	--	12 291 410
Cementos La Union – Spain Company	Subsidiary of the parent	Services Sales	2 500 853 --	29 987 534 9 178 528

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

EGP	Due from related parties		Due to related parties	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Cementos la Union – Spain Company	95 368	76 140	--	--
Andalus Reliance for Mining Company	--	--	--	369 246
Total	95 368	76 140	--	369 246

26. Lease contract

26.1 Right of Use

EGP	Land and buildings	Machinery & Equipment	Total
<u>Cost</u>			
Cost as of January 1, 2023	23 415 587	16 900 557	40 316 144
Additions	4 785 351	--	4 785 351
Cost as of June 30, 2023	28 200 938	16 900 557	45 101 495
<u>Less: - Accumulated amortization</u>			
Accumulated amortization as of January 1, 2023	10 423 521	16 900 557	27 324 078
Amortization for the period	3 213 997	--	3 213 997
Total accumulated amortization as of June 31, 2023	13 637 518	16 900 557	30 538 075
Net book value June 30, 2023	14 563 420	--	14 563 420
Net book value December 31, 2022	12 992 066	--	12 992 066

26.2 Lease liabilities

Lease liabilities recognized in the condensed consolidated statement of financial position

EGP	Current		Non-current	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Lease liabilities	7 967 376	6 411 505	7 781 705	6 724 129
TOTAL	7 967 376	6 411 505	7 781 705	6 724 129

* The lease interest cost during period amounted to EGP 480 785 (refer to note 6)

Amount EGP	June 30, 2023	December 31, 2022
Beginning balance	13 135 634	16 546 118
Additions	4 785 351	928 837
Interest expenses	480 785	1 059 210
Repayment of lease liabilities	(2 652 689)	(5 398 531)
Ending Balances	15 749 081	13 135 634

27. Significant Events during the period

- The Monetary Policy Committee of the Central Bank of Egypt decided at its meeting on March 30, 2023, to increase the overnight deposit and lending rates and the central bank's main operation rate by 200 basis points to reach 18.25%, 19.25% and 18.75%, respectively. The discount rate was also increased by 200 basis points to 18.75%.
- On March 6, 2023, Prime Minister Decision No. (883) of 2023 was issued to amend and re-issue some provisions of the Egyptian Accounting Standards. The following is a summary of these amendments:

New Standards or amended standards	Summary of significant amendments	Probable effect on consolidated financial statements	Effective date
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets" and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	<p>These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets.</p> <p>This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". 	<p>Management is currently studying the possibility of changing the applied accounting policy and using the fair value model option stated in the standard and assessing the potential impact on the consolidated financial statements in case of using this option.</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting on or after January 1, 2023, retrospectively, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</p>

	<ul style="list-style-type: none"> - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (49) "Leasing Contracts" 		
<p>Egyptian Accounting Standard No. (34) amended 2023 "Investment property".</p>	<p>This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property. This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates" - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Interim Financial Reporting " - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations" - Egyptian Accounting Standard No. (49) "Leasing Contracts" 	<p>The standard has no impact on the consolidated financial statements</p>	<p>The amendments of adding the option to use the fair value model are effective for financial periods starting on or after January 1, 2023 retrospectively, cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this model for the first time.</p>

<p>Egyptian Accounting Standard No. (36) amended 2023" Exploration for and Evaluation of Mineral Resources"</p>	<p>This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets. The company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should carried out by experts specialized in valuation and registered in a register maintained for this purpose at the Ministry of Petroleum, and in the case of applying the revaluation model (whether the model stated in the Egyptian Accounting Standard (10) "Fixed Assets " or the model stated in Egyptian Accounting Standard (23) "Intangible Assets") should consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.</p>	<p>The standard has no impact on the consolidated financial statements</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting on or after January 1, 2023, retrospectively, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</p>
<p>Egyptian Accounting Standard No. (35) amended 2023 "Agriculture"</p>	<p>This standard was reissued in 2023, where paragraphs (1-5), (8), (24), and (44) were amended and paragraphs (5a) - (5c) and (63) were added, with respect to the accounting treatment of agricultural produce harvested, (Egyptian Accounting Standard (10) "Fixed assets " was amended accordingly). The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian</p>	<p>The standard has no impact on the consolidated financial statements.</p>	<p>These amendments are effective for annual financial periods starting on or after January 1, 2023 retrospectively, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.</p>

	<p>Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented.</p>		
<p>Egyptian Accounting Standard No. (50) "Insurance Contracts"</p>	<p>This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts.</p> <p>This information provides users of the financial statements with the basis for assessing the impact of insurance contracts on the company's financial position, financial performance, and cash flows.</p> <p>Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts".</p> <p>Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).</p> <p>The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian</p>	<p>Management is currently evaluating the potential impact on the consolidated financial statements from the application of the standard.</p>	<p>Egyptian Accounting Standard No. (50) is effective for annual financial periods starting on or after July 1, 2024, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact</p>

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	Accounting Standard No. (50) "Insurance Contracts", as follows: - Egyptian Accounting Standard No. (10) "Fixed Assets". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) " Investment property".		
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Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer