

Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review report

For the nine months ended September 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 September 30, 2022 and the related condensed consolidated interim statements of profits or losses, comprehensive income, changes in equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Egyptian Accounting Standard No. (30) - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.


Scope of Review

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

Conclusion

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

Cairo, November 21, 2022


Farid Samir Farid, CPA

F.R.A. No. (210)

R.A.A. 8739



Arabian Cement Company S.A.E.

Condensed consolidated interim statement of financial position as of September 30, 2022

EGP	Notes	September 30, 2022	December 31, 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	1 881 943 227	2 019 945 189
Assets under construction	11	4 207 809	3 261 312
Intangible assets	12	198 365 282	219 424 613
Right of use assets	26.1	13 478 659	17 631 358
Investments in a joint venture	13	2 612 831	2 523 361
TOTAL NON-CURRENT ASSETS		2 100 607 808	2 262 785 833
CURRENT ASSETS			
Inventories	14	658 647 144	369 730 638
Trade receivables	15	333 124 121	58 876 151
Debtors and other debit balances (Net)	16	445 016 957	153 272 743
Due from related parties	25	57 382	--
Cash and bank balances	17	247 961 960	128 250 456
TOTAL CURRENT ASSETS		1 684 807 564	710 129 988
TOTAL ASSETS		3 785 415 372	2 972 915 821

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

EGP	Notes	September 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		298 230 767	45 625 489
Equity attributable to owners of the Parent Company		1 316 253 287	1 060 935 661
Non-controlling Interests	20	58 692	38 681
TOTAL EQUITY		1 316 311 979	1 060 974 342
NON-CURRENT LIABILITIES			
Borrowings	21	197 286 959	272 760 907
Deferred tax liabilities	8.3	271 793 857	301 472 827
Notes Payable	22	4 544 514	7 610 691
Finance leasing	26.2	5 929 800	6 979 776
TOTAL NON-CURRENT LIABILITIES		479 555 130	588 824 201
CURRENT LIABILITIES			
Trade and notes payables	22	1 123 150 569	693 703 628
Credit facilities	21	341 478 078	240 386 963
Current income tax payable	2-8	129 417 480	43 280 867
Current portion of long-term borrowings	21	138 636 955	114 334 781
Creditors and other credit balances	24	191 620 901	184 254 394
Finance leasing	2-26	10 246 735	9 566 342
Due to related parties	25	662 499	11 792 907
Provisions	23	54 335 046	25 797 396
TOTAL CURRENT LIABILITIES		1 989 548 263	1 323 117 278
TOTAL LIABILITIES		2 469 103 393	1 911 941 479
TOTAL EQUITY AND LIABILITIES		3 785 415 372	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 interim statement of profit or loss for the nine months ended September 30, 2022

EGP	Notes	Three months ended		Nine months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Sales revenue	3	1 303 993 018	677 918 341	3 433 451 971	1 642 784 214
Cost of sales	4	(1 141 586 752)	(639 226 119)	(2 846 421 408)	(1 582 731 038)
GROSS PROFIT		162 406 266	38 692 222	587 030 563	60 053 176
General and administration expenses	5	(38 177 281)	(20 969 604)	(90 177 597)	(57 942 023)
Provisions	23	(42 000)	(390 664)	(91 471 423)	(1 200 400)
Interest income		1 643 761	124 725	2 707 828	435 285
Other income		59 353 457	115 357	75 492 013	26 739 055
Finance costs	6	(13 619 984)	(16 407 147)	(39 391 459)	(52 083 829)
Capital Gain		200 000	--	200 000	--
Share of profit of a joint venture		8 088	38 582	89 470	95 160
Foreign exchange differences		(17 981 837)	(454 996)	(82 475 809)	468 887
PROFIT / (LOSS) FOR THE PERIOD BEFORE TAX		153 790 470	748 475	362 003 586	(23 434 689)
Income tax	1.8	(11 027 540)	(681 240)	(99 738 510)	218 410
PROFIT / (LOSS) FOR THE PERIOD AFTER TAX		142 762 930	67 235	262 265 076	(23 216 279)
Profit / Loss attributable to:					
Owners of the Parent Company		142 750 602	65 370	262 245 065	(23 221 005)
Non-controlling interests	20	12 328	1 865	20 011	4 726
		142 762 930	67 235	262 265 076	(23 216 279)
Earnings/(Losses) per share (Basic and diluted)					
Basic and diluted (EGP / Share)	9	0.37	(0.01)	0.68	(0.08)

-- 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 interim statement of comprehensive Income for the nine months ended September 30,2022

EGP	Notes	Three months ended		Six months ended	
		September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
PROFIT / (LOSS) FOR THE PERIOD, NET OF INCOME TAX		142 762 930	67 235	262 265 076	(23 216 279)
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX					
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX				--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		142 762 930	67 235	262 265 076	(23 216 279)
Total comprehensive income attributable to:					
Owners of the Parent Company		142 750 602	65 370	262 245 065	(23 221 005)
Non-controlling interests	20	12 328	1 865	20 011	4 726

-- 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 interim statement of changes in equity for the nine months ended September 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	--	--	(23 221 005)	(23 221 005)	4 726	(23 216 279)
Balance at September 30, 2021	757 479 400	257 830 772	(11 777 326)	1 003 532 846	35 834	1 003 568 680
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	--	--	262 245 065	262 245 065	20 011	262 265 076
Balance at September 30, 2022	757 479 400	260 543 120	298 230 767	1 316 253 287	58 692	1 316 311 979

-- 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 interim statement of cash flows for the nine months
Ended September 30, 2022

EGP	Notes	September 30, 2022	September 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Net (loss) / Profit for the year before taxes		362 003 586	(23 434 689)
Adjusted by:			
Finance costs recognized in profit or loss	6	39 391 459	52 083 829
Interest income		(2 707 828)	(435 285)
Share of profit of a Joint venture		(89 470)	(95 160)
Depreciation of property, plant and equipment	10	155 400 259	156 203 617
Capital Gain		(200 000)	--
Amortization of intangible assets	12	21 059 331	27 528 056
Amortization of right of use assets	1.26	4 152 699	725 166
Unrealized foreign currency exchange loss /(gain)		33 304 350	(391 304)
Provisions formed	23	91 471 423	1 200 400
(Increase) in inventories		(288 916 506)	(115 021 271)
(Increase) in debtors and other debit balances		(292 835 119)	(17 082 895)
(Increase) in trade receivables		(274 247 970)	(19 511 609)
(Increase) in due from related parties		(57 382)	(65 750 699)
Increase/(Decrease) in creditors and other credit balances		7 182 509	(4 499 362)
Increase in trade payables		426 380 764	188 998 70 0
(Decrease) / Increase in due to related parties		(11 130 408)	3 674 713
Provision Used	23	(62 933 773)	--
Cash generated by operations		207 227 924	184 192 207
Interest paid		(38 383 393)	(52 518 473)
Income tax Repayments		(42 189 962)	(438 220)
Net cash flows generated by operating activities		126 654 569	131 235 514

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

EGP	Notes	September 30, 2022	September 30, 2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(17 398 297)	(4 907 516)
Payments for project under construction		(946 497)	--
Proceed from selling Fixed asset		200 000	--
Interest income		2 707 828	435 285
Net cash flows (used in) investing activities		(15 436 966)	(4 472 231)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(84 476 124)	(71 823 915)
Proceed from (Paid) to credit facilities		101 091 115	(7 565 913)
Repayment of finance lease		(1 193 651)	(447 489)
Payment of dividends		(6 927 439)	(7 108 042)
Repayment of other liabilities		--	(769 250)
Net cash flows generated by (used in) financing activities		8 493 901	(87 714 609)
Increase in cash and cash equivalents		119 711 504	39 048 674
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	17	247 961 960	106 081 601

-- 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 November 21, 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 interim financial statements and must be read in conjunction with the annual consolidated interim financial statements as of December 31, 2021.

2.2 Basis of preparation

The consolidated interim 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 interim 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 interim 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		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Local sales	912 785 055	568 111 056	2 683 002 751	1 362 057 818
Export sales	328 806 428	78 941 272	575 916 076	196 787 528
Services	62 401 535	30 866 013	174 533 144	83 938 868
TOTAL	1 303 993 018	677 918 341	3 433 451 971	1 642 784 214

4. Cost of sales

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

EGP	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Raw materials	976 537 191	474 966 391	2 362 172 999	1 172 570 276
Manufacturing depreciation	51 784 250	52 054 644	153 606 885	154 641 120
Electricity supply agreement amortization	7 096 917	8 180 272	21 059 331	27 528 056
Amortization of right of use assets	1 357 376	241 722	4 152 699	725 166
Transportation costs	42 218 785	31 535 022	124 022 290	67 179 451
Overhead costs	62 592 233	72 248 068	181 407 204	160 086 969
TOTAL	1 141 586 752	639 226 119	2 846 421 408	1 582 731 038

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		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Professional fees	5 248 983	3 390 199	14 377 713	11 456 658
Salaries and wages	8 816 916	7 187 235	25 851 154	21 250 915
Security and cleaning services	286 855	381 412	843 657	1 055 119
Rentals	184 232	638 978	556 842	1 815 524
Transportation	4 395 514	561 690	5 668 492	1 106 259
Advertising	34 000	76 930	1 294 045	1 002 253
Administration depreciation	620 616	411 517	1 793 374	1 562 497
Other expenses	18 590 165	8 321 643	39 792 320	18 692 798
TOTAL	38 177 281	20 969 604	90 177 597	57 942 023

6. Finance costs

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

EGP	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Interest expense on loans	8 962 137	8 696 857	25 378 496	27 016 153
Electricity agreement Interest expense	--	--	--	572 750
Interest on lease liability	226 933	11 916	824 068	52 231
Interest on Credit facilities	4 272 125	7 617 192	12 781 109	23 306 656
Interest on notes payable	158 789	81 182	407 786	1 136 039
TOTAL	13 619 984	16 407 147	39 391 459	52 083 829

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		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Board of directors' allowance	2 463 696	2 037 732	6 899 472	6 117 090
Board of directors' salaries	2 965 560	2 452 840	8 304 920	7 363 200
TOTAL	5 429 256	4 490 572	15 204 392	13 480 290

* Included in the salaries and wages in the General and administration expenses

8. Income taxes

8.1 Income tax expense recognised in profit or loss

EGP	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
CURRENT TAX				
Current tax expense for the current period	29 206 079	5 908 124	129 417 480	13 174 430
DEFERRED TAX				
Net deferred tax recognized in the current period	(18 178 539)	(5 226 884)	(29 678 970)	(13 392 840)
TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD	11 027 540	681 240	99 738 510	(218 410)

8.2 Current tax liabilities

EGP	September 30, 2022	December 31, 2021
Current tax liabilities	129 417 480	43 280 867
CURRENT TAX LIABILITIES	129 417 480	43 280 867

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

September 30, 2022	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	301 472 827	(29 678 970)	271 793 857
NET DEFERRED TAX LIABILITY	301 472 827	(29 678 970)	271 793 857
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		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
EARNINGS / LOSSES (for basic and diluted earnings per share)				
Profit/loss for the period attributable to owners of the parent	142 750 602	65 370	262 245 065	(23 221 005)
Employees share in distributable profits	(1 719 699)	(1 729 084)	(5 164 343)	(5 281 015)
Distributable profit / loss for the period	141 030 903	(1 663 714)	257 080 722	(28 502 020)
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	0.37	(0.01)	0.68	(0.08)

10. Property, plant and equipment

ECP	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	--	852 059	1 935 820	1 402 731	71 450	235 035	412 421	4 907 516
Transfer from PUC	--	--	1 236 682	--	--	--	--	1 236 682
Balance at September 30, 2021	50 243 436	637 213 699	2 878 342 205	47 686 354	15 836 471	303 414 527	22 091 553	3 954 828 245
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	--	2 056 862	777 021	13 048 458	49 503	538 685	927 768	17 398 297
Disposal	--	--	(300 000)	--	--	--	--	(300 000)
Balance at September 30, 2022	50 243 436	664 123 121	2 882 975 335	60 723 214	15 885 974	303 971 512	23 290 067	4 001 212 659
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	--	21 381 790	117 074 093	3 727 802	1 144 969	12 449 470	425 543	156 203 617
Balance at September 30, 2021	--	285 456 116	1 404 709 106	31 868 820	9 872 337	149 802 813	21 174 805	1 902 883 997
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	--	21 150 594	117 324 775	3 232 028	967 683	11 927 586	797 593	155 400 259
Depreciation Disposal	--	--	(300 000)	--	--	--	--	(300 000)
Balance at September 30, 2022	--	323 166 692	1 561 212 653	35 740 555	11 177 211	165 802 516	22 169 805	2 119 269 432
CARRYING AMOUNT								
At September 30, 2022	50 243 436	340 956 429	1 321 762 682	24 982 659	4 708 763	138 168 996	1 120 262	1 881 943 227
At September 30, 2021	50 243 436	351 757 583	1 473 633 099	15 817 534	5 964 134	153 611 714	916 748	2 051 944 248
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 (CIB) (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 of 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	September 30, 2022	December 31, 2021
Balance as of January 1	3 261 312	7 800 244
Additions	946 497	--
Transfer to fixed assets	--	(3 427 052)
Adjustments	--	(1 111 880)
Total	4 207 809	3 261 312
Projects under construction are represented in the following categories:		
Machinery and equipment	4 207 809	3 261 312
TOTAL	4 207 809	3 261 312

12. Intangible assets

EGP	Operating license	Electricity contract	Total
<u>Cost</u>			
Cost as of January 1, 2022	563 204 713	225 200 000	788 404 713
Additions during period	--	--	--
Cost as of September 30, 2022	563 204 713	225 200 000	788 404 713
<u>Accumulated amortization</u>			
Accumulated amortization as of January 1, 2022	(343 780 100)	(225 200 000)	(568 980 100)
Amortization for the period	(21 059 331)	--	(21 059 331)
Total accumulated amortization as of September 30, 2022	(364 839 431)	(225 200 000)	(590 039 431)
Net book value September 30, 2022	198 365 282	--	198 365 282
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.

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	
			September 30, 2022	December 31, 2021
Andalus Reliance for Mining Company	Egypt	50%	2 612 831	2 523 361
TOTAL			2 612 831	2 523 361

14. Inventories

EGP	September 30, 2022	December 31, 2021
Raw materials	344 181 174	63 516 280
Packing materials	57 115 736	7 133 235
Spare parts	16 677 053	12 382 290
Work in progress	3 801 481	2 230 592
Finished goods	235 871 700	284 468 241
TOTAL	658 647 144	369 730 638

15. Trade receivables

EGP	September 30, 2022	December 31, 2021
Trade receivables	335 636 841	61 388 871
Less: Expected credit loss	(2 512 720)	(2 512 720)
TOTAL	333 124 121	58 876 151

16. Debtors and other debit balances

EGP	September 30, 2022	December 31, 2021
Advance payments to suppliers	280 802 120	22 100 397
Withholding tax	18 381 187	30 039 410
Deposit with others	79 316 179	79 568 635
Value added tax	--	6 782 626
Real Estate Tax	--	1 572 127
Employees dividends paid in advance	5 164 343	6 927 441
Letters of guarantee – cash margin	2 903 851	1 868 851
Cash imprest	4 615 152	4 310 664
Other debit balances	56 030 215	2 298 682
Less: Expected credit loss	(2 195 090)	(2 195 090)
Total	445 016 957	153 272 743

17. Cash and bank balances

EGP	September 30, 2022	December 31, 2021
Cash on hand	5 637 175	2 074 616

Current account – local currency	95 184 851	41 090 674
Current account – foreign currency	41 590 263	9 699 527
Deposits at banks	105 549 671	75 385 639
Total	247 961 960	128 250 456

18. Capital

EGP	September 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	September 30, 2022	December 31, 2021
Balance at beginning of period	38 681	31 108
Gain of period	20 011	7 573
Balance at end of period	58 692	38 681

21. Borrowings

EGP	Current		Non-current	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
First: Credit facilities				
Credit facilities – CIB	227 664 941	240 386 963	--	--
Credit facilities – NBE	113 813 137	--	--	--
Total Facilities	341 478 078	240 386 963	--	--
Second: Bank loans				
Bank loans – CIB	53 550 000	45 900 000	112 200 000	153 000 000
Bank loans - EBRD	85 086 955	68 434 781	85 086 959	119 760 907
Total bank Loans	138 636 955	114 334 781	197 286 959	272 272 760 907

National Bank of Egypt - NBE

On September 7, 2022, a credit facility contract was signed between the National Bank of Egypt and the Arab Cement Company. Under this agreement, the company was granted the following credit facilities: -

Tranche No. 1: - A credit facility in the amount of 50 million Egyptian pounds for withdrawal in a debit current account for the purpose of financing working investment within the framework of the Central Bank's initiative to support private sector companies in industrial activity, provided that it is used to pay dues to suppliers of raw materials and production requirements, pay energy expenses and Paying wages and salaries expenses up to a maximum of 20 million pounds.

Tranche No. 2: A credit facility of 150 million Egyptian pounds to open letter of credits for the purpose of financing import operations to purchase production requirements and spare parts within the framework of the Central Bank's initiative to support private sector companies in industrial activity.

Tranche No. 3: A credit facility of 50 million Egyptian pounds for withdrawal in a debit current account for the purpose of financing the working investment, provided that it is used to pay the dues of suppliers of raw materials and production requirements, pay energy expenses and pay wages and salaries expenses with a maximum of 20 million pounds.

Tranche No. 4: A credit facility of 150 million Egyptian pounds to open letter of credits for the purpose of financing import operations for the purchase of production requirements and spare parts.

The following interests and commissions are calculated on these facilities

- Interest rate of 8% for Tranche No. 1 and Tranche No. 2.
- Interest rate of 1% above the corridor lending rate for tranches No. 3 and Tranche No. 4.

The commitments in the agreement included the following:

- Insurance in favour of the bank against the risk of fire and burglary on the stock of raw materials and spare parts within the limits of 110% of the value of the facilities.
- The financial leverage shall not exceed 2 times during the fiscal year 31/12/2022.
- Not to distribute any dividends in any year before paying all the obligations arising from the financing.
- perform commercial mortgage of the second degree on all the material and intangible components of the factory and the head office in favour of the bank within 3 months from the date of signing the contracts.

22. Trade payables

EGP	Current		Non-current	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Local trade payables	698 797 146	418 976 540	--	--
Foreign trade payables	420 468 338	271 315 966	--	--
Notes payable	3 885 085	3 411 122	4 544 514	7 610 691
Total	1 123 150 569	693 703 628	4 544 514	7 610 691

23. Provisions

EGP	Provision for claims
Balance at January 1, 2022	25 797 396
Provision formed during the year	91 471 423
Provision used during the period	(62 933 773)
Balance at September 30, 2022	54 335 046

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	September 30, 2022	December 31, 2021
Advances from customers	63 722 189	67 954 027
Accrued development duty	8 832 156	11 290 171
Accrued customers rebates	44 680 073	54 422 249

Accrued expenses	25 492 459	12 544 736
Retention	5 096 330	5 096 330
Accrued interest	1 611 342	1 427 344
Accrued taxes	27 002 950	14 438 738
Deferred revenue – Grant	12 469 642	13 240 502
Other	2 713 760	3 840 297
TOTAL	191 620 901	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	
			September 30, 2022	September 30, 2021
Andalus Reliance for Mining Company	Joint Venture	Purchases	15 281 235	27 935 414
Cementos la Union – Spain Company	Subsidiary of the parent	Sales	37 372 288	109 647 988
Cementos la Union – Spain Company		Services	2 231 051	--

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

EGP	Due from related parties		Due to related parties	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
Cementos la Union – Spain Company	57 382	--	--	2 229 273
Andalus Reliance for Mining Company	--	--	662 499	9 563 634
Total	57 382	--	662 449	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 September 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	21 755 949
Amortization for the period	4 072 131	80 568	4 152 699
Accumulated amortization as of September 30, 2022	9 008 091	16 900 557	25 908 648
Net book value September 30, 2022	13 478 659	--	13 478 659

26.2 lease liability.

Financial lease liability recognized in the statement of interim financial position

EGP	Current		Non-current	
	September 30, 2022	December 31, 2021	September 30, 2022	December 31, 2021
lease liability	10 246 735	9 566 342	5 929 800	6 979 776

TOTAL	10 246 735	9 566 342	5 929 800	6 979 776
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* The interest expenses on lease liability for the period amounted to EGP 824 068 (refer to note 6)

EGP	September 30, 2022	December 31, 2021
Beginning balance	16 546 118	--
Additions	--	19 998 237
Interest expenses	824 068	2 488 513
Repayments of finance leasing	(1 193 651)	(5 940 632)
Ending balance	16 176 535	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 company used to enjoy a tax exemption for a period of five years, starting from the financial period following the start of production. The date for starting production was determined by the General Authority for Investment and Free Zones as of April 22, 2008. Accordingly, the company was exempt from capital companies tax for the period from January 1, 2009 until December 31, 2013.

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

For the years from 2006 to 2016 the inspected by the tax authority and the due tax was paid, and the company does not have any tax dues.

For the years from 2017 to 2020, the company submitted the tax return on the due date and documents are being prepared for the inspection for those years.

-Regarding the year 2021, the company submitted the tax return on the due date.

Value added tax / Sales tax

The sales tax was inspected and settled until 31 December 2020.

The company submitted VAT returns for the year 2021 on the due dates.

Stamp tax

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

The years 2020 and 2021 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 2020 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 September 2022.

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%.

29. Significant Events during the subsequent period

The Monetary Policy Committee of the Central Bank of Egypt decided at its meeting on Thursday, October 27, 2022, to raise the rates of the overnight deposit and lending rates and the price of the main operation of the Central Bank by 200 basis points to reach 13.25%, 14.25% and 13.75%, respectively. The credit and discount rate were also raised by 200 basis points to reach 13.75%. The exchange rate will also reflect the value of the Egyptian pound against foreign currencies through the forces of supply and demand within the framework of a flexible exchange rate system.

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Salvador Cabañas Lopez

Chief Financial Officer

