Arabian Cement Company S.A.E.

Consolidated Financial Statements
Together with Auditor's Report
For the year ended December 31, 2021

Contents

Arabian Cement Company (consolidated financial statements)

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Auditor's Report

To: The Shareholders of Arabian Cement Company

An Egyptian Joint Stock Company

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Arabian Cement Company an Egyptian Joint Stock Company, which comprise consolidated statement of financial position as of December 31, 2021, and consolidated statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

The Consolidated financial statements are the responsibility of the company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and the prevailing Egyptian laws. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; management responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and the prevailing Egyptian laws. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Arabian Cement Company as of December 31, 2021, and the results of its consolidated operation and its consolidated cash flows for the year then ended in accordance with Egyptian Accounting Standards and the applicable Egyptian laws and regulations relating to the preparation of these consolidated financial statements.

Cairo, February 27, 2022

Farid Samir

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

Saleh, Barsoum, Abdel Aziz & Co.
Accountants & Auditors

Arabian Cement Company S.A.E.

Consolidated statement of financial position

At 31 December 2021

EGP	Notes	31 December 2021	31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	11	2 019 945 189	2 202 003 667
Assets under construction	12	3 261 312	7 800 244
Intangible assets (net)	13	219 424 613	254 049 586
Other Assets	14	--	--
Right of use	33	17 631 358	1 047 456
Investments in a joint venture	15	2 523 361	2 454 486
Total non-current assets		**2 262 785 833**	**2 467 355 439**
Current assets			
Inventories	16	369 730 638	176 470 491
Trade receivables	17	58 876 151	15 938 789
Debtors and other debit balances	18	153 272 743	136 384 081
Cash and bank balances	19	128 250 456	67 032 927
Total current assets		**710 129 988**	**395 826 288**
Total assets		**2 972 915 821**	**2 863 181 727**

Arabian Cement Company S.A.E.

Consolidated statement of financial position

At 31 December 2021

EGP	Notes	31 December 2021	31 December 2020
Equity			
Capital and reserves			
Issued and paid-up capital	20	757 479 400	757 479 400
Legal reserve	21	257 830 772	257 830 772
Retained earnings	22	45 625 489	18 551 721
Equity attributable to owners of the Parent Company		**1 060 935 661**	**1 033 861 893**
Non-controlling interests	23	38 681	31 108
Total equity		**1 060 974 342**	**1 033 893 001**
Non-current liabilities			
Borrowings	24	272 760 907	387 454 349
Deferred tax liabilities	9.3	301 472 827	323 765 007
Notes Payables	25	7 610 691	11 021 813
Finance leasing	33	6 979 776	--
Total non-current liabilities		**588 824 201**	**722 241 169**
Current liabilities			
Trade and notes payable	25	693 703 628	459 805 964
Credit facilities	24	240 386 963	340 110 399
Current income tax payable	9.2	43 280 867	438 220
Current portion of long-term borrowings	24	114 334 781	99 165 216
Current portion of long-term other liabilities	27	--	769 250
Creditors and other credit balances	29	184 254 394	180 575 890
Finance leasing	33	9 566 342	915 298
Due to related parties	31	11 792 907	6 767 033
Provisions	26	25 797 396	18 500 287
Total current liabilities		**1 323 117 278**	**1 107 047 557**
Total liabilities		**1 911 941 479**	**1 829 288 726**
Total equity and liabilities		**2 972 915 821**	**2 863 181 727**

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.

Consolidated statement of profit or loss

For the year ended 31 December 2021

EGP	Notes	31 December 2021	31 December 2020
Sales revenue	4	2 448 631 353	2 481 182 477
Cost of sales	5	(2 281 083 584)	(2 455 463 159)
Gross profit		**167 547 769**	**25 719 318**
General and administration expenses	6	(81 070 460)	(95 464 653)
Provisions	26	(7 368 018)	(7 928 240)
Impairment in trade receivables	17	--	(509 100)
Impairment in other debit balances		--	(247 842)
Interest income		743 822	1 537 747
Other income	35	46 323 288	7 842 516
Finance costs	7	(70 126 214)	(81 107 274)
Gain on disposal of property, plant and equipment	11	120 000	277 466
Share of profit of a joint venture	15	68 872	145 695
Gain on net foreign exchange		(1 060 989)	12 322 680
(Loss) / profit for the year before tax		**55 178 070**	**(137 411 687)**
Income tax expense	9.1	(20 988 687)	14 623 637
(Loss) / profit for the year after tax		**34 189 383**	**(122 788 050)**
Profit attributable to:			
Owners of the Parent Company		34 181 810	(122 788 178)
Non-controlling interests	23	7 573	128
		34 189 383	**(122 788 050)**
Earnings per share			
Basic	10	**0.07**	**(0.34)**

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.

Consolidated statement of comprehensive income

For the year ended 31 December 2021

EGP	Notes	31 December 2021	31 December 2020
Profit for the year, net of income tax		**34 189 383**	**(122 788 050)**
Other comprehensive income, net of income tax			
Total other comprehensive income for the year, net of income tax		**--**	**--**
Total comprehensive income for the year		**34 189 383**	**(122 788 050)**
Total comprehensive income attributable to:			
Owners of the Parent Company		34 181 810	(122 788 178)
Non-controlling interests	23	7 573	128
		34 189 383	**(122 788 050)**
Earnings per share			
Basic	10	**0.07**	(0.34)

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.

Consolidated statement of changes in equity

For the year ended 31 December 2021

EGP	Issued Capital	Legal reserve	Retained earnings	Attributable to owners of the Mother Company	Non-controlling interests	Total
Balance at 1 January 2020	**757 479 400**	**254 820 827**	**151 416 266**	**1 163 716 493**	**30 980**	**1 163 747 473**
Loss for the year	--	--	(122 788 178)	(122 788 178)	128	**(122 788 050)**
Other comprehensive income for the year	--	--	--	--	--	--
Total comprehensive income for the year	--	--	**(122 788 178)**	**(122 788 178)**	128	**(122 788 050)**
Transfer to legal reserve	--	3 009 945	(3 009 945)	--	--	--
Dividends	--	--	(7 066 422)	(7 066 422)	--	**(7 066 422)**
Balance at 31 December, 2020	**757 479 400**	**257 830 772**	**18 551 721**	**1 033 861 893**	**31 108**	**1 033 893 001**
Balance at 1 January 2021	**757 479 400**	**257 830 772**	**18 551 721**	**1 033 861 893**	**31 108**	**1 033 893 001**
profit for the year			34 181 810	**34 181 810**	7 573	**34 189 383**
Other comprehensive income for the year	--	--	--	--	--	--
Total comprehensive income for the year	--	--	34 181 810	**34 181 810**	7 573	**34 189 383**
Dividends			(7 108 042)	**(7 108 042)**	--	**(7 108 042)**
Balance at 31 December, 2021	**757 479 400**	**257 830 772**	**45 625 489**	**1 060 935 661**	**38 681**	**1 060 974 342**

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer

Salvador Lopez
Chief Financial Officer

Arabian Cement Company S.A.E.

Consolidated statement of cash flows

For the year ended 31 December 2021

EGP	Notes	31 December 2021	31 December 2020
Cash flows from operating activities			
Net (loss) profit for the year before taxes		**55 178 070**	**(137 411 687)**
Adjustments for:			
Finance costs recognized in profit or loss	7	70 126 214	81 107 274
Interest income		(743 822)	(1 537 747)
Share of profit of a joint venture		(68 875)	(145 695)
Impairment loss recognized on trade receivables		--	509 100
Impairment loss on debtors during year		--	247 842
(Gain) on disposal of property, plant and equipment		(120 000)	(277 466)
Depreciation of property, plant and equipment	11	217 929 493	210 297 525
Amortization of intangible assets	13	34 624 973	40 749 783
Amortization of other assets		--	11 951
Amortization of right of use		5 902 848	2 038 646
(Gain) from foreign exchange rate differences		239 720	(5 217 391)
Provisions formed	26	7 368 018	7 928 240
Movements in working capital			
(Increase) / decrease in inventories		(193 260 147)	(13 639 072)
(Increase) in debtors and other debit balances		(16 888 662)	(37 746 146)
(Increase) / decrease in trade receivables		(42 423 862)	11 081 142
Increase / (decrease) in creditors and other credit balances		3 172 153	(25 084 908)
Increase / (decrease) in trade and notes payable		217 251 339	(233 219 201)
Increase / (decrease) in due to related parties		5 025 874	(3 976 777)
Provisions used	26	(70 909)	(2 201 450)
Cash (used in) generated by operations		**363 242 425**	**(106 486 037)**
Interest paid		(69 561 544)	(91 698 849)
Income taxes paid		(438 220)	--
Net cash (used in) generated by operating activities		**293 242 661**	**(198 184 886)**

Arabian Cement Company S.A.E.

Consolidated cash flow statement

For the year ended 31 December 2021

EGP	Notes	31 December 2021	31 December 2020
Cash flows from investing activities			
Payments for property, plant and equipment	11	(19 208 760)	(4 250 127)
Proceeds from sale of property, plant and equipment	11	120 000	326 600
Payments for assets under construction	12	--	(1 236 682)
Interest income		743 822	1 537 747
Net cash (used in) investing activities		**(18 344 938)**	**(3 622 462)**
Cash flows from financing activities			
Repayment of borrowings		(99 165 217)	(90 356 522)
Proceeds from / (Repayment of) credit facilities		(99 723 436)	278 075 098
Repayment of finance leasing		(6 914 249)	(1 604 383)
Payment of dividends		(7 108 042)	(7 066 422)
Repayment of other liabilities		(769 250)	(11 538 750)
Net cash generated by (used in) financing activities		**(213 680 194)**	**167 509 021**
Net increase / (decrease) in cash		61 217 529	(34 298 327)
Cash and cash equivalents at the beginning of the year		67 032 927	101 331 254
Cash and cash equivalents at the end of the year	19	**128 250 456**	**67 032 927**

*Non-cash transactions represent the value of the unpaid portion of the purchase cost of fixed assets, amounting to EGP 13 235 203.

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Lopez

Chief Financial Officer

1. 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.

2. Significant accounting policies

2.1 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial assets and liabilities 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 consolidated financial statements were prepared in accordance with the Egyptian Accounting Standards issued by Ministerial Decree No. 110 of 2015 amended by Decree of the Minister of Investment No. 69 of 2019.

New releases and amendments to the Egyptian accounting standards

EAS (47) Financial instrument

The Egyptian Accounting Standard No. 47 has been applied retroactively and the application of the Egyptian Accounting Standard No. 47 has not had any significant impact on the financial statements.

EAS (48) Revenue from contract with customers

The Egyptian Accounting Standard No. 48 has been applied and the application of the Egyptian Accounting Standard No. 48 has not had any significant impact on the financial statements.

2.2 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.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Parent Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received or receivable and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at re-valued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Parent Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable EASs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under EAS 9 Financial Instruments or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

2.3 Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with EAS 24 Income Taxes and EAS 38 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with EAS 39 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with EAS 32 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another EAS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with, where applicable, EAS 26 or EAS 28 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

2.4 Investments in a joint venture

A joint venture is joint arrangement whereby the parties that they have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arraignment, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Investments in joint ventures are accounted for at the application of the equity method, and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the statement of profits or losses for each investment separately.

2.5 Revenue recognition

The company recognizes revenue from contracts with customers based on a five-step model set out in Egyptian accounting standard no. (48) - Revenue from contracts with customers

Step 1: identify the contract with the customer: A contract is defined as an agreement between two or more parties that create enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: identify the performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a goods or services to the customer.

Step 3: determine the transaction price: the transaction price is the amount of consideration to which the entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligation in the contract: for a contract that has more than one performance obligation, the entity will allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the entity expects to be entitled in exchange for satisfying each performance obligation.

Step 5: recognize revenue when (or as) the entity satisfies the performance obligation.

If the consideration promised in a contract include a variable amount, the entity shall estimate the amount of consideration to which the entity will be entitled in exchange for transferring the promised goods or services to a customer.

An amount of consideration can vary because of discounts, rebates, refunds, credits, price concession, incentives, performance bounces, penalties, or other similar items. The promised consideration can also vary if the entity`s entitlement to the consideration is contingent on the occurrence or non-occurrence of a future event.

The entity sells packed and non-packed cement and clinker, where selling process is either through selling invoices and/or specific contract with a customer.

Sales of goods

For contracts with customers which the only obligation is going to be selling cement, revenues shall be recognized at the time in which control over asset is transferred to the customer at a specific point in time, which is usually at the delivery date.

The entity recognizes revenue at the point in time at which the customer obtains control of a promised asset and the entity satisfies the performance obligation. The entity considers the below mentioned indicators to assess the transfer of control of the promised asset.

- The entity has a present right to payment for the asset
- The customer has the legal title to the asset
- The entity has transferred physical possession of the asset
- The customer has the significant risks and rewards of ownership of the asset
- The customer has accepted the asset.

Transportation Services

Transportation revenues are recognized at a certain point in time when the company fulfils its performance obligations towards customers, i.e. when the product is delivered to the specified location.

2.6 Leasing

In accordance with Resolution No. 69 of 2019 issued by the Minister of Investment in March 2019 regarding amending some provisions of the Egyptian Accounting Standards issued by the Minister of Investment No. 110 for the year 2015. These amendments included the addition of Standard No. 49 to replace the Egyptian Accounting Standard No. (20) Accounting of financial leasing operations, provided that it is applied to the financial periods beginning on or after January 1, 2020 and with the exception of the effective date, the date of the initial application is the beginning of the annual reporting period in which the finance lease law No. 95 of 1995 and its amendments was cancelled and in light of Standard No. 49 as at The beginning of the lease recognize the "right of use" and the lease liability.

Initial measurement of the right-of-use asset

At the commencement date, a lessee shall measure the right-of-use asset at cost, the cost of the right-of-use asset shall comprise:

(a) The amount of the initial measurement of the lease liability, at the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

(b) Any lease payments made at or before the commencement date, less any lease incentives received

(c) Any initial direct costs incurred by the lessee; and

(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. The lessee incurs the obligation for those costs either at the commencement date or as a consequence of having used the underlying asset during a particular period.

Subsequent measurement of the right-of-use asset

After the commencement date, a lessee shall measure the right-of-use asset. Applying a cost model, a lessee shall measure the right-of-use asset at cost:

(a) Less any accumulated depreciation and any accumulated impairment Losses.

(b) Adjusted for any re-measurement of the lease liability.

Initial measurement of the lease liability

At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.

Subsequent measurement of the lease liability

After the commencement date, a lessee shall measure the lease liability by

(a) Increasing the carrying amount to reflect interest on the lease liability

(b) Reducing the carrying amount to reflect the lease payments made

(c) Re-measuring the carrying amount to reflect any reassessment or lease modifications, or to reflect revised in-substance fixed lease payments.

2.7 Foreign currencies

The individual financial statements of each subsidiary are presented in the currency of the primary economic environment in which the entity operates (its functional currency).

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- The requirements of Annex (a) to the Egyptian Accounting Standard (13), applied only for 2016 (see note 2.9);

The exchange rates for the major foreign currencies against EGP relevant to the annual consolidated financial statements were:

Currency table	2021		2020	
	Average	Year end	Average	Year end
1 USD US Dollar	15.73	15.74	15.86	15.77
1 EUR Euro	18.59	17.92	18.21	19.26

2.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time, as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

The amount of borrowing costs that an entity capitalises during the period shall not exceed the amount of borrowing costs it incurred during that period, provided that the carrying amount of the qualifying asset on which eligible borrowing costs have been capitalized does not exceed its recoverable amount (being the higher of fair value less costs to sell or amount in use for that asset).

2.9 Employee benefits

2.9.1 Profit sharing

The Company pays 10% of the cash profits which are allocated for distribution, at maximum of the employees' basic salaries. Employees' profit sharing is recognized as a dividend distribution through equity and as a liability when approved by the company's shareholders. No liability is recognized for profit sharing relating to undistributed profits.

2.9.2 Pension obligations (Social insurance)

For defined contribution plans, the company pays contributions to the General Social Insurance Authority under Law No. 79 of 1975 and its amendments - plans on a mandatory basis. Once the contributions have been paid, the company has no further payment obligations. The regular contributions constitute net periodic costs for the period during which they are due and as such are included in staff costs.

2.10 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

2.10.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.10.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Such deferred tax liabilities are not recognised if the temporary difference arises from goodwill and no deferred tax assets or liabilities are recognised for temporary differences resulting from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

2.10.3 Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.11 Property, plant and equipment

Buildings, plant and equipment, furniture and fixtures held for use in the production, supply of goods or services or for administrative purposes are stated in the consolidated statement of financial position at cost less any accumulated depreciation and accumulated impairment losses.

Properties in the course of construction for production, administrative purposes or for a currently undetermined future use are carried at cost less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Group's accounting policy as described in note 2.9. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation of buildings, plant and equipment as well as furniture and fixtures commences when the assets are ready for their intended use.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the net sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following estimated useful lives are used in the calculation of depreciation:

Assets	Useful life
Buildings	10 – 20 years
Machinery and equipment	20 years
Furniture, fixtures and office equipment	16 years
Vehicles	5-7 years
Other installations	20 years
Computer and software	3-5 years

The following estimated useful lives are used in the subsidiaries in the calculation of depreciation:

Andalus Ready-Mix Concrete

Assets	Useful life
Buildings	50 years
Machinery and equipment	20 years
Furniture, fixtures and office equipment	16 years
Other installations	10 years
Vehicles	5 years
Computer and software	3 years

Evolve for Investment

Assets	Useful life
Furniture, fixtures and office equipment	3 years
Vehicles	5 years
Computer and software	3 years

2.12 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful lives and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimating being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognized in profit or loss when the asset is derecognized.

Assets	Useful life
Operating license	20 years
Electricity contract	10 years

2.13 Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

2.14 Inventories

Inventories are stated at the lower of cost and net realizable value.

Costs, including an appropriate portion of fixed and variable production overheads as well as other costs incurred in bringing the inventories to their present location and condition, are assigned to inventories by the method most appropriate to the particular class of inventory, with the majority being valued on a weighted average basis.

Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

The net realizable value of an item of inventory may fall below its cost for many reasons including, damage, obsolescence, slow moving items, a decline in selling prices, or an increase in the estimate of costs to complete and costs necessary to make the sale. In such cases, the cost of that item is written-down to its net realizable value and the difference is recognized immediately in profit or loss.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

2.16 Financial instruments

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Entity becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Entity changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Entity may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

This includes all derivative financial assets. On initial recognition, the Entity may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Business model assessment:

The entity assesses the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities, or expected cash outflows or realizing cash flows through the sale of the assets.
- how the performance of the portfolio is evaluated and reported to the Entity's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated – e.g., whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume, and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Entity's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition.

Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period and for other basic lending risks and costs (e.g., liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Entity considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Entity considers:

- contingent events that would change the amount or timing of cash flows.
- terms that may adjust the contractual coupon rate, including variable-rate features.
- prepayment and extension features; and
- terms that limit the Entity's claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Subsequent measurement – financial assets

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses (see accounting policy on impairment). Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities

at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Entity derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Entity neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

The Entity enters transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Entity derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Entity also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, and only when, the Entity currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Impairment of assets

Non-derivative financial assets

The Entity recognizes loss allowances for ECLs on:

• financial assets measured at amortized cost.

• debt investments measured at FVOCI; and

• contract assets.

Loss allowances are measured on either of the following bases:

• 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and

• lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

The Entity measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

• debt securities that are determined to have low credit risk at the reporting date; and

• other debt securities and bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

The Entity measures loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Entity considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Entity's historical experience and informed credit assessment and including forward-looking information. The Entity assumes that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Entity considers a financial asset to be in default when:

• the trade receivable is unlikely to pay its credit obligations to the Entity in full, without recourse by the Entity to actions such as realizing security (if any is held); or

• the financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Entity is exposed to credit risk.

Measurement of ECLs:

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Entity expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Entity assesses whether financial assets carried at amortized cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is recognized in OCI, instead of reducing the carrying amount of the asset.

Derivative financial assets

Derivative financial assets are measured at fair value and the Entity investigates whether the counterparty creditworthiness gives rise to an impairment.

Non-financial assets

Non-financial assets that have an indefinite useful life, for example goodwill, are not subject to amortization but are tested annually for impairment or more frequently when indicators arise. Assets with a finite useful life are subject to depreciation or amortization and are reviewed (at least at the balance sheet date) for impairment whenever events or changes in circumstances indicate that the carrying amount may not be fully recoverable. An impairment loss is recognized for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. For the purposes of assessing impairment, assets are entitled based on the lowest level for which there are separately identifiable cash flows (cash-generating units). Impairment is recognized as an expense in profit or loss. Non-financial assets, which are impaired, are tested periodically to determine whether the recoverable amount has increased, and the impairment must be (partially) reversed.

Impairment losses on goodwill are not reversed. Reversal of impairments is only permitted if in a subsequent period after an impairment loss has been recognized, the amount of the impairment loss decreases, and the decrease can be related objectively to an event after the impairment loss was recognized.

Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating the interest income over the relevant period. The effective interest rate is the rate that exactly discounts expected future cash inflows (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and any other premiums or discounts) over the expected life of the debt instrument - or over the A shorter period of time, if appropriate - specifically up to the asset's net carrying amount on initial recognition.

The income from debt instruments, which is subsequently measured at amortized cost, is recognized in profit or loss on the basis of effective interest, and this interest income is presented under the line "finance income".

2.17 Grants

Government grants are assistance by government in the form of transfers of resources to an entity in return for past or future compliance with certain conditions relating to the operating activities of the entity. They exclude those forms of government assistance which cannot reasonably have a value placed upon them and transactions with government which cannot be distinguished from the normal trading transactions of the entity

Grants related to assets are government grants whose primary condition is that an entity qualifying for them should purchase, construct or otherwise acquire long-term assets. Subsidiary conditions may also be attached restricting the type or location of the assets or the periods during which they are to be acquired or held.

Government grants , including non-monetary grants at fair value, shall not be recognized until there is reasonable assurance that the entity will comply with the conditions attaching to them; and the grants will be received.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the statement of financial position through recognizes the grant as deferred income that is recognized in profit or loss on a systematic basis over the useful life of the asset.

2.18 Segment report

An operating segment is a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses
- whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance.
- for which discrete financial information is available.

The entity depends on determining the segments to be presented on the basis of products and services.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see note (3.2) below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognized in the financial statements.

3.1.1 Deferred income taxes

The measurement of deferred income tax assets and liabilities is based on the judgment of management. Deferred income tax assets are only capitalized if it is probable that they can be used. Whether or not they can be used depends on whether the deductible tax temporary difference can be offset against future taxable gains.

In order to assess the probability of their future use, estimates must be made of various factors including future taxable profits. If the actual values differ from the estimates, this can lead to a change in the assessment of recoverability of the deferred tax assets and accounting for such a change, if any, is to be made on a prospective basis in the reporting periods affected by the change.

3.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2.1 Useful lives of property, plant and equipment

The carrying value of the Group's property, plant and equipment at the end of the current reporting period is EGP 2 019 945 189 (31 December 2020: EGP 2 202 003 667), (Note 11). Management's assessment of the useful life of property, plant and equipment is based on the expected use of the assets, the expected physical wear and tear on the assets, technological developments as well as past experience with comparable assets. A change in the useful life of any asset may have an effect on the amount of depreciation that is to be recognized in profit or loss for future periods.

3.2.2 Useful lives of intangible assets

The carrying value of the Group's intangible assets at the end of the current reporting period is 219 424 613 EGP (31 December 2020: EGP 254 049 586), (Note 13) Management's assessment of the useful life of intangible assets is based on the expected use of the assets, the expected physical wear and tear on the assets, technological developments as well as past experience with comparable assets. A change in the useful life of any asset may have an effect on the amount of depreciation that is to be recognized in profit or loss for future periods.

3.2.3 Provisions

The carrying amount of provisions at the end of the current reporting period is 25 797 396 EGP (31 December 2020: EGP 18 500 287). This amount is based on estimates of future costs for legal cases and other claims in connection with the Group's operations (note 26). As the provisions cannot be determined exactly, the amount could change based on future developments. Changes in the amount of provisions due to change in management estimates are accounted for on a prospective basis and recognized in the period in which the change in estimates arises.

4. Sales revenue

EGP	2021	2020
Local sales	2 052 924 236	2 159 139 351
Export sales	239 005 072	199 251 333
Services	156 702 045	122 791 793
Total	**2 448 631 353**	**2 481 182 477**

5. Cost of sales

EGP	2021	2020
Raw material	1 705 509 969	1 951 992 478
Manufacturing deprecation	215 824 383	207 050 680
Amortization of intangible assets	34 624 973	40 749 783
Amortization of right of use	5 902 848	2 038 646
Transportation cost	114 651 406	76 349 399
Overhead cost	204 570 005	177 282 173
Total	**2 281 083 584**	**2 455 463 159**

6. General and administration expenses

EGP	2021	2020
Professional fees	15 940 420	9 317 305
Salaries and wages	29 372 277	27 930 056
Security and cleaning services	1 415 022	1 406 144
Rentals	780 775	1 941 272
Transportation	1 768 887	1 076 767
Advertising	1 240 353	956 550
Administration depreciation	2 105 110	3 246 845
Other expenses	28 447 616	49 589 714
Total	**81 070 460**	**95 464 653**

7. Finance costs

EGP	2021	2020
Loan interest expense	35 222 555	46 797 877
Electricity agreement interest expense	572 750	8 225 250
Finance lease	2 546 832	235 046
Other finance cost	205 127	--
Bank overdraft interest expense	31 578 950	25 849 101
Total	**70 126 214**	**81 107 274**

8. Compensation of key management personnel *

EGP	2021	2020
Board of directors allowance	9 818 640	9 902 880
Board of directors salaries	8 156 994	8 096 565
Total	**17 975 634**	**17 999 445**

* Included in the salaries and wages in the administrative expenses.

9. Income taxes

9.1 Income tax expense recognised in profit or loss

EGP	2021	2020
Current tax		
Current tax expense for the current year	43 280 867	438 220
Deferred tax		
Net deferred tax recognized in the current year	(22 292 180)	(15 061 857)
Total income tax expense recognized in the current year	**20 988 687**	**(14 623 637)**

The following table provides reconciliation between income tax expense recognized for the year and the tax calculated by applying the applicable tax rates on accounting profit:

EGP	2021	2020
(Loss) / profit before tax from continuing operations	55 178 070	(137 411 686)
Tax using applicable tax rate 22.5%	12 415 066	--
Add		
Effect of reversal of accounting depreciation and amortization	251 893 677	248 911 591
Effect of expenses that are not deductible in determining taxable profit	24 006 238	14 859 099
Effect of provisions formed that are not deductible in determining taxable profit	7 368 018	7 928 240
Changes in accounting policy	--	--
Effect of unrealized net foreign exchange losses that are not deductible in determining taxable profit	8 715 450	65 838 411
Less		
Effect of tax depreciation and amortization that are deductible in determining taxable profit	(131 551 762)	(170 312 448)
Capital gain	--	(277 466)
Effect of realized net foreign exchange gain that are deductible in determining taxable profit	(5 132 948)	(42 402 129)
Effect of provisions used that are deductible in determining taxable profit	--	(2 201 450)
Cary forward tax losses	(23 966 049)	--
Others	--	--
Tax base	192 359 409	(15 067 838)
Income tax expense recognized in profit or loss	**43 280 867**	**438 220**

The average effective tax rate in 2020 is 0% against 35% in 2019.

9.2 Current tax liabilities

EGP	2021	2020
Current tax liability (note 9.1)	43 280 867	438 220
Current tax liabilities	**43 280 867**	**438 220**

9.3 Deferred tax balances

Deferred tax liabilities arise from the following:

2021 EGP	Opening balance	Recognized in profit or loss	Closing balance
(Liabilities)			
Temporary differences			
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**

2020 EGP	Opening balance	Recognized in profit or loss	Closing balance
(Liabilities)			
Temporary differences			
Property, plant & equipment	338 826 864	(15 061 857)	323 765 007
Net deferred tax liability	**338 826 864**	**(15 061 857)**	**323 765 007**

10. 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 year. 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:

	2021	2020
Earnings (for basic and diluted earnings per share)		
(Loss) / Profit for the year attributable to owners of the parent (EGP)	34 181 810	(122 788 178)
Employees share in dividends (note 18) (EGP)	(6 927 441)	(7 108 042)
Distributable net (loss) / profit for the year (EGP)	**27 254 369**	**(129 896 220)**
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
Earnings per share from continuing operations (EGP)	**0.07**	**(0.34)**

11. Property, plant and equipment

EGP	Freehold land	Buildings	Machinery and equipment	Vehicles	Furniture, fixtures and office equipment	Other installations	Computer and software	Total
COST								
Balance at 1 January 2020	**50 243 436**	**636 144 946**	**2 872 867 397**	**46 045 565**	**15 591 598**	**302 865 108**	**21 344 870**	**3 945 102 920**
Additions	--	216 694	2 304 306	907 058	173 423	314 384	334 262	**4 250 127**
Disposals	--	--	--	(669 000)	--	--	--	**(669 000)**
Balance at 31 December 2020	**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**
Balance at 1 January 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	--	25 704 619	3 899 559	1 831 833	71 450	253 335	683 167	**32 443 963**
Transfer from PUC	--	--	3 427 052	--	--	--	--	**3 427 052**
Disposals	--	--	--	(440 700)	--	--	--	**(440 700)**
Balance at 31 December 2021	**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**

EGP	Freehold land	Buildings	Machinery and equipment	Vehicles	Furniture, fixtures and office equipment	Other installations	Computer and software	Total
Accumulated depreciation and impairment								
Balance at 1 January 2020	--	**235 472 259**	**1 131 111 677**	**23 630 546**	**6 965 216**	**120 551 287**	**19 271 736**	**1 537 002 721**
Depreciation expense	--	28 602 067	156 523 336	5 130 338	1 762 152	16 802 106	1 477 526	**210 297 525**
Disposals of assets	--	--	--	(619 866)	--	--	--	**(619 866)**
Balance at 31 December 2020	--	**264 074 326**	**1 287 635 013**	**28 141 018**	**8 727 368**	**137 353 393**	**20 749 262**	**1 746 680 380**
Balance at 1 January 2021	--	**264 074 326**	**1 287 635 013**	**28 141 018**	**8 727 368**	**137 353 393**	**20 749 262**	**1 746 680 380**
Disposals of assets	--	--	--	(440 700)	--	--	--	**(440 700)**
Depreciation expense	--	37 941 772	156 552 865	4 808 209	1 482 160	16 521 537	622 950	**217 929 493**
Balance at 31 December 2021	--	**302 016 098**	**1 444 187 878**	**32 508 527**	**10 209 528**	**153 874 930**	**21 372 212**	**1 964 169 173**
Carrying amount								
At 31 December 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**
At 31 December 2020	**50 243 436**	**372 287 314**	**1 587 536 690**	**18 142 605**	**7 037 653**	**165 826 099**	**929 870**	**2 202 003 667**

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)as disclosed in details in (note 24)

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

The depreciation expense for the item of furniture and computers is included in the item of general and administrative expenses, note (6) in the amount of EGP 2 105 110. The depreciation expense for the remaining assets is included in the cost of sales of note (5) in the amount of EGP 215 824 383.

The sales value of disposals EGP 120 000, and its net book value amounted to EGP 0, which resulted in capital gains amounting to EGP 120 000, which were included in the statement of profit or loss.

12. Assets under construction

EGP	2021	2020
Balance as of January 1	7 800 244	3 777 941
Additions	--	1 236 682
Transfer to fixed assets	(3 427 052)	--
Reconciliation	(1 111 880)	--
Transfer to advance to supplier	--	2 785 621
Total	**3 261 312**	**7 800 244**
Projects under construction are represented in the following categories:		
Machinery and equipment	3 261 312	4 702 394
Other installations	--	137 000
Advance to suppliers	--	2 960 850
Total	**3 261 312**	**7 800 244**

13. Intangible assets (net)

EGP	Operating license	Electricity contract	Total
Cost			
Cost as of January 1, 2020	563 204 713	225 200 000	788 404 713
Additions	--	--	--
Cost as of December 31, 2020	**563 204 713**	**225 200 000**	**788 404 713**
Accumulated amortization			
Accumulated amortization as of beginning of the year	(287 467 603)	(206 137 741)	(493 605 344)
Amortization for the year	(28 156 249)	(12 593 534)	(40 749 783)
Total accumulated amortization as of December 31, 2020	**(315 623 852)**	**(218 731 275)**	**(534 355 127)**
Cost			
Cost as of January 1, 2021	563 204 713	225 200 000	788 404 713
Additions	--	--	--
Cost as of December 31, 2021	**563 204 713**	**225 200 000**	**788 404 713**
Accumulated amortization			
Accumulated amortization as of beginning of the year	(315 623 852)	(218 731 275)	(534 355 127)
Amortization for the year	(28 156 248)	(6 468 725)	(34 624 973)
Total accumulated amortization as of December 31, 2021	**(343 780 100)**	**(225 200 000)**	**(568 980 100)**
Net book value December 31,2021	**219 424 613**	**--**	**219 424 613**
Net book value December 31,2020	**247 580 861**	**6 468 725**	**254 049 586**

Operating license

As per the country's policies to obtain a license for the cement factory, the General Industrial Development Association approved the issuing of a license to the company on May 21, 2008 in the amount to EGP 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).

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.

14. Other Assets

EGP	2021	2020
Cost	143 404	143 404
Accumulated amortization		
Balance at the beginning of the year	(131 453)	(131 453)
Amortization for the year	(11 951)	(11 951)
Accumulated amortization At year end	**(143 404)**	**(143 404)**
Net	--	

* The value of other assets is representing at the cost of software programs licence

15. Investments in a joint venture

Name of associate	Place of incorporation	Proportion of ownership interest and voting power held by the Group		
EGP			2021	2020
Andalus Reliance for mining Company	Egypt	50%	2 523 361	2 454 486
Total			**2 523 361**	**2 454 486**

Summarised financial information in respect of Andalus Reliance Mining is set out below:

	2021	2020
Current assets	10 935 690	7 591 470
Non-current assets	5 491	6 734
Current liabilities	5 893 224	2 687 717
Non-current liabilities	1 235	1 516
Net assets	5 046 722	4 908 971
Revenue for the year	43 695 569	36 859 515
Profit for the year	137 745	291 390
Total comprehensive income for the year	137 745	291 390
Group's share of comprehensive income for the period	68 873	145 695

Reconciliation of the above summarised financial information to the carrying amount of investment in joint ventures using the equity method in the consolidated financial statements:

	2021	2020
Net assets of the joint venture over Group level	5 046 722	4 908 971
Proportion of the Group's ownership interest in joint venture	50%	%50
Carrying amount of the Group's interest in joint venture	**2 523 361**	**2 454 486**

16. Inventories

EGP	2021	2020
Raw material	63 516 280	102 376 435
Packing material	7 133 235	12 224 129
Spare parts	12 382 290	8 976 605
Work in progress	2 230 592	3 121 477
Finished goods	284 468 241	49 771 845
Total	**369 730 638**	**176 470 491**

The value of the inventory cost charged to the cost of sales amounted to 1 705 509 969 EGP, refer to (Note No. 5)

17. Trade receivables

EGP	2021	2020
Trade receivables	61 388 871	18 451 509
Less: Impairment in trade receivables	(2 512 720)	(2 512 720)
Total	**58 876 151**	**15 938 789**

Movement in the allowance for doubtful debt:

EGP	2021	2020
Balance at beginning of year	2 512 720	2 003 620
Impairment losses recognised on receivables	--	509 100
Balance at end of year	**2 512 720**	**2 512 720**

Aging of receivables that are past due but not impaired:

EGP	2021	2020
Less than 30 days	26 966 829	6 337 581
Between 30 to 60 days	27 533 723	4 324 936
Between 60 to 90 days	4 866 319	1 870 799
Between 90 to 120 days	2 022 000	5 918 193
Total	**61 388 871**	**18 451 509**

For calculating expected credit losses, the Group uses a simplified approach to amounts receivable from trade receivables. The following table shows the provision for expected credit losses according to the age of debts:

EGP	2021	2020
Less than 30 days	143 108	143 108
Between 30 to 60 days	262 329	262 329
Between 60 to 90 days	84 374	84 374
Between 90 to 120 days	2 022 000	2 022 000
Total	**2 512 720**	**2 512 720**

18. Debtors and other debit balances

EGP	2021	2020
Advance to suppliers	22 100 397	22 969 996
Withholding tax	30 039 410	16 980 899
Deposit with others	79 568 635	78 811 267
Value added tax	6 782 626	6 994 687
Real Estate Tax	1 572 127	--
Employees dividends in advance	6 927 441	7 108 042
Letters of guarantee – cash margin	1 868 851	495 845
Cash imprest	4 310 664	4 147 678
Other debit balances	2 298 682	1 071 757
Less: Impairment in debtors	(2 196 090)	(2 196 090)
Total	**153 272 743**	**136 384 081**

19. Cash and bank balances

For the purposes of the consolidated cash flow statement, cash and cash equivalents include cash on hand, demand deposits and balances at banks. Cash equivalents are short-term, highly liquid investments of maturities of three months or less from the acquisition date, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash and cash equivalents at year end as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

EGP	2021	2020
Cash on hand	2 074 616	1 171 061
Current account – local currency	41 090 674	25 896 333
Current account – foreign currency	9 699 527	10 504 487
Bank deposits *	75 385 639	29 461 046
Total	**128 250 456**	**67 032 927**

* The time deposits balance includes an amount of EGP 1 060 560 represents pledged time deposits

20. Capital

	2021	2020
Par value per share (EGP)	2	2
Number of ordinary shares authorized, issued and fully paid	378 739 700	378 739 700
Issued capital (EGP)	**757 479 400**	**757 479 400**

21. Legal reserve

In accordance with the Companies' Law No.159 of 1981 and the Company's Articles of Incorporation, percentage 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%

22. Retained earnings

EGP	2021	2020
Balance at beginning of year	18 551 721	151 416 266
Profit attributable to owners of the Parent Company	34 181 810	(122 788 178)
Transfer to legal reserve	--	(3 009 945)
Payments of dividends	(7 108 042)	(7 066 422)
Balance at end of year	**45 625 489**	**18 551 721**

23. Non-controlling interests

EGP	2021	2020
Balance at beginning of year	31 108	30 980
Profit attributable to Non-controlling interest	7 573	128
Balance at end of year	**38 681**	**31 108**

24. Borrowings

	Current		Non-current	
EGP	2021	2020	2021	2020
First: - Credit facilities				
Credit facilities - CIB	240 386 963	340 110 399	--	--
Total Facilities	**240 386 963**	**340 110 399**	--	--
Second: - Bank Loans				
Bank loans - CIB	45 900 000	30 600 000	153 000 000	198 900 000
Net Loans – CIB (A)	**45 900 000**	**30 600 000**	**153 000 000**	**198 900 000**
Bank loans - EBRD	68 434 781	68 565 216	119 760 907	188 554 349
Net Loans – EBRD (B)	68 434 781	**68 565 216**	**119 760 907**	**188 554 349**
Total Loans (A+B)	**114 334 781**	**99 165 216**	**272 760 907**	**387 454 349**

On December 3, 2018 two borrowing contracts have been signed with Commercial international Bank "CIB" (Egypt) S.A.E a joint stock company as the "Lending Bank" and "Security agent", and European Bank for Reconstruction and Development "EBRD" and according to these contracts the lending banks have agreed to each enter into separate agreement with the company (borrower) to refinance part of the borrower loans from NBE.

In light of the above, the lending banks agreed to the following:

First: Commercial international bank (CIB) -Security agent

Bank has agreed to extend the borrower facility packages for EGP 705 Million comprising two tranches as follows:

1. Tranche (A) facility not exceeding EGP 225 Million with interest rate at CBE Overnight offer rate plus the margin of 2% .in the form of medium loan for the purpose of (1) refinancing EGP 230 Million existing medium-term loan provided by NBE granted to the borrower to finance the investment cost related to the second coal mill, a bucket elevator for line 1 and the bypass dust dosing system; and (2) refinancing EGP25 million of outstanding amounts owed to the NBE by the borrower under the Egyptian pollution abatement "EPAP".
2. Tranche (B) facility not exceeding EGP 450 million in the form of multipurpose renewable facility available in local and foreign currencies for the purpose of financing the company`s working investments needs and refinancing the company outstanding working capital facility at NBE

   Thus the company shall repay the Tranche (A) loan to the lender in (23) quarterly unequal instalments starts from 31 December 2019 and ends on 30 June 2025, and the Borrowing contract obligates the company with the following securities:
   - Conclude first-degree pledge on each of the facility accounts in favour of the lender for itself and the lending banks thereon by no later than five days from the contract date.
   - Conclude in favour of the lender, for itself and on behalf of the lending banks a first degree real-estate mortgage on the land and the buildings and other real property of the borrower that are built thereon by no later than six months from the date of the issuance of the relevant power of attorney in favour of the lender and by no later than 30 September 2019.The borrower shall add any buildings to be added to the aforementioned mortgage. Moreover, until the date of the financial statements, the procedures for mortgage have not been completed for the bank.
   - Conclude in favour of the lender, for itself and on behalf of the lending banks a first degree FDC mortgage over the tangible and intangible assets of the borrower including machinery and equipment, goodwill and industrial property rights related to the borrower's assets, no later than the date falling (1) month from the date of the insurance of the relevant power of attorney in favour of the lender and by no later than 30 April 2019.
   - Issue irrevocable powers of attorney authorizing the Lender, for itself and on behalf of the lending banks, to conclude and register each of the Mortgages.
   - Endorsement of the Borrower's all-risk insurance policy/policies in favour of the lender for itself and on behalf of the lenders in all assets in no more than (2) weeks from the date of this agreement, covering not less than 110% of the loans extended to the borrower by the lending banks.
   - Not to distribute dividends unless the Borrower is in compliance with all financial covenants pre and post distribution and no occurrence of the event of default would be caused as a result of said distribution.
   - The borrower undertakes that the financial leverage ratio shall not to exceed (2) in the financial year of 2019 and (1.5) thereafter throughout the remaining tenor of the facility.
   - The Borrower undertakes that the debt service ratio "DSR" shall not to fall below (1.3) throughout the tenor of the facility.
   - The Borrower undertakes that the capital expenditures in excess of EGP 100m. annually to be financed through equity injections and/or subordinated shareholders subject to the Lender's notification and presenting a revised business plan. the aforementioned is subject to the Borrower's compliance with all financial covenant for the fiscal year and will not be breach of any financial covenants as a result of such capital expenditures.
   - The Borrower undertakes that the Net financial Debt to EBITDA shall not exceed 2.5x.
   - The main shareholder undertakes an irrevocable and unconditional undertaking not to waive any portion of the controlling interest that is less than 50% plus (1) share without obtaining the bank's prior written consent.

Second: European Bank for Reconstruction and Development "EBRD"

As mentioned above, a financing contract was signed with the European Bank on 3 December 2018. Under this contract, the Bank agreed to lend the company a sum of not more than $ 25 million with interest calculated at the Six-month Libor plus a Margin 4.35% for the purpose of refinancing the current debtor's debt in US dollars, which was partially used for the following purposes:

A- As a facilitation of funding for Lack of investments related to energy efficiency.

B- Financing and renewing the current cement production plan.

Commitments to the Loan Contract other than the guarantees and undertakings referred to above include:

- The Borrower undertakes that the debt service ratio "DSR" shall not to fall below 1:3.
- The Borrower undertakes that net bank debt shall not to fall below 2.5 times the net profit before revenue, taxes, depreciation and depreciation.
- The Borrower undertakes that the net bank debt not to exceed the (1.3) times the equity.

According to the loan agreement with the European Bank, the Borrower has agreed to provide an additional grant of no more than 17% of the costs associated with the design, supply, installation and operation of the items to be financed and provided for in the contract or EUR 170,000 whichever is lower. During the month of January 2020, the company obtained a grant of 170,000 euros in accordance with the loan contract, equivalent to an amount of 3 074 212 Egyptian pounds. The grant has been treated according to the Egyptian accounting standard Number (12) by using revenue accounting for the grant as it recoded as deferred revenues on the other credit balances and to be recorded on the statement of profits or losses for the remaining useful life of the related asset. (note 29).

In accordance with the previous contract with the National Bank of Egypt (NBE) dated 30 June 2013, this contract included the fact that the Borrower has 20% of the amount of financing granted by the Bank after full filament of several conditions which were fully met during 2018. Thus the grant which is with total amount of EGP 13.6 million has been treated according to the Egyptian accounting standard Number (12) by using revenue accounting for the grant as it recoded as deferred revenues on the other credit balances and to be recorded on the statement of profits or losses for the remaining useful life of the related asset (Alternative fuel line). (note 29)

The previous mortgage in favour of the National Bank of Egypt (NBE) has been cancelled on company commercial register on February 24, 2019.

25. Trade and notes payable

	Current		Non-current	
EGP	2021	2020	2021	2020
Local trade payables	418 976 540	274 172 225	--	--
Foreign trade payables	271 315 966	181 838 866	--	--
Notes payable *	3 411 122	3 794 873	7 610 691	11 021 813
Total	**693 703 628**	**459 805 964**	**7 610 691**	**11 021 813**

* 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 agreement was reached in FY 2020 whereby the company charged 19 847 553 EGP, 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 year amounted to EGP 14 847 553, and these amount have been charged to other general and administrative expenses.

26. Provisions

EGP	Provision for claims
Balance at 1 January 2021	**18 500 287**
Additional provisions recognized	7 368 018
Used during the year	(70 909)
Balance at 31 December 2021	**25 797 396**

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

27. Other liabilities

	Current		Non-current	
EGP	2021	2020	2021	2020
Electricity contract	--	769 250	--	--
Total	**--**	**769 250**	**--**	**--**

28. Dividends payable

On March 31, 2021, the company's Ordinary General Assembly meeting approved the profits distribution on the shareholders according to the distributable profits for the financial year ended December 31, 2020.

29. Creditors and other credit balances

EGP	2021	2020
Advances from customers	67 954 027	58 040 048
Accrued development fees	11 290 171	12 423 454
Accrued customers rebates	54 422 249	64 339 746
Accrued expenses	12 544 736	11 278 446
Retention	5 096 330	5 179 130
Accrued interest	1 427 344	1 992 014
Accrued taxes	14 438 738	10 218 637
Accrued revenue – Grant (Refer to note 24)	13 240 502	14 272 322
Other	3 840 297	2 832 093
Total	**184 254 394**	**180 575 890**

30. Financial instruments

30.1 Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the entity consists of net debt (borrowings, other liabilities and bank credit facilities, offset by cash and bank balances (note 19) and equity of the Company (comprising issued capital, legal reserve and retained earnings).

The Group is not subject to any externally imposed capital requirements.

The gearing ratio at 31 December 2021 of 49% (see below) decreased As a result of repaying part of the loans and credit facilities, in addition to an increase in equity due to profits during the year and an increase in cash.

The gearing ratio at the end of the reporting period was as follows:

EGP	2021	2020
Debt (i)	644 028 769	828 414 512
Cash and cash equivalents	(128 250 456)	(67 032 927)
Net debt	**515 778 313**	**761 381 585**
Equity (ii)	**1 060 974 342**	**1 033 893 001**
Net debt to equity ratio	**49 %**	**74 %**

(i) Debt is defined as long-and short-term borrowings (excluding derivatives), as detailed in (note 24, 27 and 33).

(ii) Equity includes all capital, reserves and retained earnings.

30.2 Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note (2.17) Financial instruments.

30.3 Categories of financial instruments

EGP	2021	2020
Financial assets (i)		
Cash and bank balances (Note no. 19)	128 250 456	67 032 927
Other debit balance (Note no. 18)	79 568 635	78 811 267
Trade receivable (Note no. 17)	61 388 871	18 451 509
Financial liabilities (ii)		
Trade and notes payable (Note no. 25)	701 314 319	470 827 777
Borrowings (Note no. 24)	627 482 651	826 729 964
Finance lease (Note no. 33)	16 546 118	915 298
other liability (Note no. 27)	--	769 250
Creditors and other credit balances (Note no. 29)	13 972 080	13 270 460

(i) A total of EGP 443 million (2020: EGP 232 million) of other current assets does not meet the definition of a financial asset.

(ii) A total of EGP 553 million (2020: EGP 517 million) of other current liabilities does not meet the definition of a financial liability.

30.4 Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see note 30.5 below) and interest rates (see note 30.6 below).

30.5 Foreign currency risk management

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise. The currencies, in which these transactions primarily are denominated, are US Dollar (USD), and Euro (EUR).

The Group's main foreign exchange risk arises from purchases of raw materials in foreign currency and the USD loans used to finance the construction of the production facility (the Cement Plant) of the Company.

The following table shows the carrying amounts of borrowings and foreign suppliers, at the end of the reporting period, in the major currencies in which they are issued.

Borrowings

EGP	2021	2020
USD	188 195 688	257 119 565
Total	**188 195 688**	**257 119 565**

At the end of the reporting period, the carrying amounts of the Group's major foreign currency denominated monetary assets (mainly receivables and cash) and monetary liabilities (mainly foreign suppliers and sue to related parties), at which the Group is exposed to currency rate risk, are as follows:

EGP	Liabilities		Assets	
	2021	2020	2021	2020
Currency-USD	459 511 654	438 958 431	88 021 881	31 122 727
Currency-EUR	--	--	3 493	10 918

Foreign currency sensitivity analysis

As discussed above, the Group is mainly exposed to the US Dollar (USD), and Euro (EUR) arising from purchases of raw materials in foreign currency and the USD loans used to finance the construction of the production facility (the Cement Plant) of the Company.

The following table details the Group's sensitivity to a 10% increase and decrease in EGP against the relevant foreign currencies. The (10%) is the sensitivity rate used when reporting foreign currency risk internally to key management and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.

The sensitivity analysis includes outstanding borrowings, and foreign suppliers within the Group.

A positive number below indicates an increase in profit or equity where the EGP strengths 10% against the relevant currency. For a 10% weakening of the EGP against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

EGP	Currency USD Impact		Currency EUR Impact	
	2021	2020	2021	2020
Profit or loss	**37 148 977**	**40 783 570**	**349**	**1 092**

30.6 Interest rate risk management

The Group is exposed to interest rate risk because entities in the Group borrow funds at floating interest rates.

30.6.1 Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of liability outstanding at the end of reporting period was outstanding for the whole year. A '100 basis point' (1%) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Group's profit for the year ended 31 December 2021 would decrease / increase by EGP 6 440 384 million (2020: decrease / increase by EGP 8 267 300 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

30.7 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group credit risk arises from transactions with counterparties, mainly individual customers and corporations. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's exposure to credit risk is, to a great extent, influenced by the individual characteristics of each customer. Risk control assesses the credit quality of the customer, taking into account its financial position, past experience, other publicly available financial information, its own trading records and other factors, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables consist of a large number of customers. The Group does not have any significant credit risk exposure to any single counterparty or any Group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

30.8 Fair value measurement

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

30.9 Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate liquidity risk management framework for the management of the entity's short, medium - and long-term funding and liquidity management requirements. The entity manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

EGP	Due in 1 year		Due more than year and less the 3 years		Due more than 3 years	
	2021	2020	2021	2020	2021	2020
Loans	114 334 781	99 165 216	272 760 907	351 754 349	--	35 700 000
Lease liability	9 566 342	915 298	6 979 776	--	--	--
Trade and notes payables	693 703 628	459 805 964	7 610 691	9 232 817	--	1 788 996
Credit Facilities	240 386 963	340 110 399	--	--	--	--
creditors and other credit balances	13 972 080	13 270 460	--	--	--	--

31. Related party transactions

A party (a company or individual) is related to an entity if:

a) directly, or indirectly through one or more intermediaries, the party:
   i. controls, is controlled by, or is under common control with, the entity (this includes parents, subsidiaries and fellow subsidiaries); or
   ii. has an interest in the entity that gives it significant influence over the entity; or
   iii. has joint control over the entity; or
b) the party is an associate of the entity or a joint venture in which the entity is a venture (both defined in EAS 43 joint arrangement);
c) the party is a member of the key management personnel of the entity or its parent;
d) the party is a close member family of any individual referred to in (a) or (b);
e) the party is an entity that is controlled, jointly controlled or significantly influenced by, or which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (d) or (e); or
f) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is related party of the entity.

Balances and transactions between the Group and its subsidiaries, (which are related parties of the Group), have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

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

EGP	Nature of relationship	Nature of transaction	Amount of transaction 2021	Amount of transaction 2020
Cementos La union-Spain	Subsidiary of the parent	Services	2 206 910	3 791 258
Cementos La union-Spain	Subsidiary of the parent	Clinker sales	109 647 988	--
Andalus Reliance for Mining Company	Joint Venture	Purchases	39 636 049	30 543 712

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

EGP	Due from related parties 2021	Due from related parties 2020	Due to related parties 2021	Due to related parties 2020
Cementos la Union – Spain Company	--	--	2 229 273	1 812 293
Andalus Reliance for Mining Company	--	--	9 563 634	4 954 740
Total	--	--	**11 792 907**	**6 767 033**

32. Contingent liability

Contingent liabilities during the year amounted to USD 1.3 million, which is represented by the value of letters of guarantee issued by the Commercial International Bank.

33. Lease contract

33.1 Right of Use

EGP	Land and buildings	Machinery & Equipment	Total
Cost			
Cost as of January 1 , 2021	--	16 900 557	16 900 557
Additions during year	22 486 750	--	22 486 750
Cost as of December 31, 2021	**22 486 750**	**16 900 557**	**39 387 307**
Less:- Accumulated amortization			
Accumulated amortization as of January 1, 2021	--	15 853 101	15 853 101
Amortization for the year	4 935 960	966 888	5 902 848
Total accumulated amortization as of December 31, 2021	**4 935 960**	**16 819 989**	**18 485 819**
Net book value December 31, 2021	**17 550 790**	**80 568**	**17 631 358**

The interest rate used is 9.25% and the lease terms range from 2 to 5 years

33.2 Financial lease liability.

Financial lease liability recognized in the statement of financial position

	Current		Non-current	
EGP	2021	2020	2021	2020
Lease Liability	9 566 342	915 298	6 979 776	--
TOTAL	**9 566 342**	**915 298**	**6 979 776**	**--**

* The lease interest cost during period amounted to EGP 2 546 832 (refer to note 7)

Amount EGP	**2021**	**2020**
Beginning balance	915 298	2 519 681
Additions	19 998 237	--
Interest expenses	2 546 832	235 046
Repayment of finance leasing	(6 914 249)	(1 839 429)
Ending Balances	16 546 118	**915 298**

34. Commitments for expenditure

No capital commitment for the year ended 31 December 2021.

35. Other income

The other income included an amount of EGP 28.8 million represents compensation from the insurance company due to suspension of production line no 1.

36. Tax position

Arabian Cement Company

Corporate income tax

The Company was enjoying a tax exemption for a period of 5 years starting from the fiscal year following the start-up of the production of the Company's operation. This period was determined by the General Authority for Free Zones and Investments to start from April 22, 2008, consequently, the Company was exempted from corporate tax for the period from January 1, 2009 till December 31, 2013.

-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 centre.

The year for 2009 not requested for inspection.

The year for 2010 was inspected and all due taxes settled.

Regarding the years from 2011 and 2012, the company was notified of the form 19, on deemed basis, and an appeal was made. A decision was issued to re-examine the company's actual accounts by the tax authority, the actual inspection has been completed by the tax authorities, and the result of the re-inspection not communicated yet.

Regarding the years from 2013 to 2016, the company was notified with a form 19, on deemed basis, and an appeal was made, and a decision was issued to re-examine the company's actual accounts by the tax authority. A request for reconciliation was submitted to the Tax authority, the actual inspection has been completed by the tax authorities, and the result of the re-inspection not communicated yet.

The years from 2017 till 2020, the Company submits its tax return and paid due taxes on due date and no tax inspection performed on those years.

Sales tax and VAT

The sales tax was inspected and settled until December 2015.

Currently documents are being prepared for inspection of the years from 2016 to 2020.

The Company submits its sales tax / VAT returns for 2021 in their due dates.

Stamp tax

Stamp tax was inspected till 2019, and all taxes were settled.
The year 2020 have not been inspected yet.

Payroll tax

Payroll tax was inspected, and taxes were settled until 2014.
The years from 2015/2019 the documents and analysis for examination are under processing.

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 256,000 EGP 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, at 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 94,860 EGP, and there is still a dispute over the development fee due for the year 2017, amounting to 1,196,265 EGP
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.

Andalus Concrete Company

Corporate income tax

- The years from 2010 to 2013 were inspected, and a decision was issued to re-examination, and the re-examination memorandum was objected and the internal committee currently in process.

- Years from 2014 to 2017, the company was inspected on a deem basis, and the form was appealed.

The years from 2018 till 2020, the Company submits its tax return on due date and no tax inspection performed on those years.

Sales tax

- The company was inspected for the years from 2010 to 2016, and the tax forms were received and appealed, and the internal committee is under process.

The company regularly provides and reimburses tax returns and has not been checked

Stamp tax

The company has not been inspected since inception until 31/12/2021.

Payroll tax

The company has been inspected until 2019.

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.

ACC for Management and Trading Company

Corporate income tax

The company has received a claim on a deemed basis for the years 2011 till 2017 due to the prescription of these years, formal terms is in process to re-inspect in accordance to books and records of the company.

The years from 2018 to 2020, the tax returns were filed on due dates.

Sales tax

The company has not been inspected since inception until December 31, 2021

Monthly returns are filed regularly

Stamp tax

The company has not been inspected since inception until December 31, 2021

Payroll tax

The company has not been inspected since inception until December 31, 2021

Evolve

Corporate Tax:

The company has not been inspected since inception until December 31, 2021

Value Added Tax:

The company was registered in the Egyptian Tax Authority (VAT) on 5/2/2019.

The company has not been inspected since inception until December 31, 2021

Stamp Tax:

The company has not been inspected since inception until December 31, 2021

Salaries Tax:

The company has not been inspected since inception until December 31, 2021

The company settles salaries tax on a regular basis

37. Operating segment

The group is primarily engaged in selling and operating cement for management purposes. The group is organized as business units according to products and services:

- Cement manufacturing and selling sector.
- Other sectors, including the production and sale of ready-mix concrete and the production and sale of alternative fuels.

EGP	Cement production segment		Other Segments	
	2021	2020	2021	2020
Fixed Assets	1 994 319 312	2 175 578 977	25 625 877	26 424 690
Intangible assets	219 424 613	254 049 586	--	--
Right of use	17 550 790	--	80 568	1 047 456
Loans and credit facilities	627 482 651	826 729 964	--	--
Trade payables	656 839 369	445 631 321	36 864 259	14 174 643
Revenue from external customers	2 337 599 583	2 400 976 925	111 031 770	80 205 552

38. Approval of financial statements

The consolidated financial statements were approved by the directors and authorized for issue on February 27, 2022.

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Lopez

Chief Financial Officer