Arabian Cement Company S.A.E.

Separate Interim Financial Statements
Together with Auditor's Report
For the period ended Sep 30, 2022

Contents

Arabian Cement Company (separate interim financial statements)

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Auditor's Report

To: The Shareholders of Arabian Cement Company

An Egyptian Joint Stock Company

Report on the Separate Interim Financial Statements

We have audited the accompanying Separate Interim Financial Statements of Arabian Cement Company an Egyptian Joint Stock Company, which comprise separate interim statement of financial position as of September 30, 2022, and separate interim statements of profit or loss, comprehensive income, cash flows and changes in equity for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Interim Financial Statements

The separate interim financial statements are the responsibility of the company's management. Management is responsible for the preparation and fair presentation of these Separate Interim 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 Separate Interim 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 Separate Interim 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 Separate Interim Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Separate Interim Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Separate Interim 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 Separate Interim 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 Separate Interim 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 Separate Interim Financial Statements.

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Opinion

In our opinion, the Separate Interim Financial Statements referred to above present fairly, in all material respects, the separate interim financial position of Arabian Cement Company as of September 30, 2022, and the results of its separate operation and its separate interim cash flows for the period then ended in accordance with Egyptian Accounting Standards and the applicable Egyptian laws and regulations relating to the preparation of these Separate Interim Financial Statements.

Report on Other Legal and Regulatory Requirements

The Company maintains proper books of accounts, which include all that is required by law and the statutes of the Company. The Separate Interim Financial Statements are in agreement thereto. The company maintain a proper costing system and the inventories were counted by management in accordance with methods in practice.

The financial information referred to in the board of directors report is prepared in compliance with the requirements of Companies Law No. 159 of 1981 and its Executive Regulations thereto and is in agreement with the books of accounts of the Company to the extent that such information are recorded therein.

Cairo, November 16, 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.

Separate interim statement of financial position

At 30 September 2022

EGP	Notes	30 September 2022	31 December 2021
Assets			
Non-Current Assets			
Property, plant and equipment	11	1 856 292 143	1 994 319 312
Assets under construction	12	3 602 809	3 261 312
Intangible assets (net)	13	198 365 282	219 424 613
Right of use	31.1	13 478 659	17 550 790
Investments in subsidiaries	14	47 476 057	47 476 057
Investments in a joint venture	15	125 000	125 000
Total Non-Current Assets		**2 119 339 950**	**2 282 157 084**
Current Assets			
Inventories	16	650 130 930	362 789 722
Trade Receivables	17	289 820 681	12 292 593
Debtors and other debit balances	18	429 855 538	139 029 306
Due from related parties	29	17 507 919	17 668 523
Cash and bank balances	19	232 897 302	117 292 968
Total Current Assets		**1 620 212 370**	**649 073 112**
Total Assets		**3 739 552 320**	**2 931 230 196**

Arabian Cement Company S.A.E.

Separate interim statement of financial position

At 30 September 2022

EGP	Notes	30 September 2022	31 December 2021
Equity			
Capital and Reserves			
Issued and paid-up capital	20	757 479 400	757 479 400
Legal reserve	21	260 452 502	257 740 154
Retained earnings	22	292 851 111	57 749 903
Total Equity		**1 310 783 013**	**1 072 969 457**
Non-Current Liabilities			
Borrowings	23	197 286 959	272 760 907
Deferred tax liabilities	9-3	269 763 819	299 493 767
Lease Liability	31.2	5 929 800	6 979 776
Notes payables	24	4 544 514	7 610 691
Total Non-Current Liabilities		**477 525 092**	**586 845 141**
Current Liabilities			
Trade and notes payable	24	1 097 940 418	656 839 369
Credit facilities	23	341 478 078	240 386 963
Current income tax payable	9-2	125 011 490	42 189 962
Current portion of long-term borrowings	23	138 636 955	114 334 781
Lease liability	31.2	10 246 735	9 566 342
Creditors and other credit balances	27	185 081 066	173 209 979
Due to related parties	29	--	10 450 379
Provisions	25	52 849 473	24 437 823
Total Current Liabilities		**1 951 244 215**	**1 271 415 598**
Total Liabilities		**2 428 769 307**	**1 858 260 739**
Total Equity And Liabilities		**3 739 552 320**	**2 931 230 196**

– The accompanying notes form an integral part of the Separate Interim Financial Statements and to be read therewith.

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.

Separate interim statement of profit or loss

For the period ended 30 September 2022

EGP	Notes	30 September 2022	30 September 2021
Sales revenue	4	3 333 973 022	1 568 150 642
Cost of sales	5	(2 744 331 214)	(1 490 307 985)
Gross Profit		**589 641 808**	**77 842 657**
General and administration expenses	6	(114 255 735)	(77 118 882)
Provisions	25	(91 345 423)	(1 048 664)
Interest income		2 420 008	187 048
Other income	34	75 427 117	26 739 050
Finance costs	7	(39 389 429)	(52 031 598)
Foreign currency exchange differences		(82 475 809)	471 074
Profit / (Loss) for the period before tax		**340 022 537**	**(24 959 315)**
Income tax expense	9-1	(95 281 542)	426 649
Profit / (Loss) for the period after tax		**244 740 995**	**(24 532 666)**
Earnings Per Share			
Basic	10	**0.63**	**(0.08)**

- The accompanying notes form an integral part of the Separate Interim Financial Statements and to be read therewith.

Sergio Alcantarilla Rodriguez
Chief Executive Officer

Salvador Lopez
Chief Financial Officer

Arabian Cement Company S.A.E.

Separate interim statement of comprehensive income

For the period ended 30 September 2022

EGP	Notes	30 September 2022	30 September 2021
Profit of the period after Taxes		244 740 995	(24 532 666)
Other comprehensive income, Net of tax			
Items that will not be reclassified subsequently to Profit or Loss		--	--
Total other comprehensive income for the period Net of taxes		--	--
Total comprehensive income for the period	22	244 740 995	(24 532 666)
Earnings per share from the comprehensive income			
Basic	10	0.63	(0.08)

- The accompanying notes form an integral part of the Separate Interim Financial Statements and to be read therewith.

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.

Separate interim statement of changes in equity

For the period ended 30 September 2022

EGP	Issued and Paid-up capital	Legal reserve	Retained earnings	Total
Balance at 1 January 2021	**757 479 400**	**257 740 154**	**37 734 467**	**1 052 954 021**
Profit for the period	--	--	27 123 479	27 123 479
Other comprehensive income	--	--	--	--
Total comprehensive income	--	--	**27 123 479**	**27 123 479**
Dividends (employees)	--	--	(7 108 043)	(7 108 043)
Balance at 31 December 2021	**757 479 400**	**257 740 154**	**57 749 903**	**1 072 969 457**
Balance at 1 January 2022	**757 479 400**	**257 740 154**	**57 749 903**	**1 072 969 457**
Profit for the period	--	--	244 740 995	**244 740 995**
Other comprehensive income	--	--	--	--
Total comprehensive income	--	--	244 740 995	**244 740 995**
Legal reserve	--	2 712 348	(2 712 348)	--
Dividends (employees)	--	--	(6 927 439)	(6 927 439)
Balance at 30 September 2022	--	**260 452 502**	**292 851 111**	**1 310 783 013**

– The accompanying notes form an integral part of the Separate Interim Financial Statements and to be read therewith.

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.

Separate interim statement of cash flows

For the period ended 30 September 2022

EGP	Notes	30 September 2022	30 September 2021
Cash Flows from Operating Activities			
Net Profit / (loss) for the period before taxes		**340 022 537**	**(24 959 315)**
Adjustments for:			
Finance costs recognized in profit or loss	7	39 389 429	52 031 598
Interest income		(2 420 008)	(187 048)
Depreciation of property, plant, and equipment	11	151 817 269	152 894 699
Amortization of intangible assets	13	21 059 331	27 528 055
Amortization of right of use	31.1	4 072 131	--
Unrealized Foreign exchange differences		33 304 350	(391 304)
Provisions	25	91 345 423	1 048 664
(Increase) in inventories		(287 341 208)	(114 750 714)
(Increase) in debtors and other debit balances		(290 826 232)	(14 737 895)
Decrease / (increase) in due from related parties		160 604	(65 396 180)
(Increase) in trade receivables		(277 528 088)	--
Increase in trade and notes payable		438 034 872	171 379 868
(Decrease) / increase in due to related parties		(10 450 379)	4 610 082
Increase / (decrease) in creditors and other credit balances		11 687 089	(3 534 726)
Provisions used	25	(62 933 773)	--
Cash flows generated by operations		**199 393 347**	**185 535 784**
Interest paid		(38 383 393)	(52 466 242)
Income taxes paid		(42 189 962)	--
Net cash flows generated by operating activities		**118 819 992**	**133 069 542**

Arabian Cement Company S.A.E.

Separate interim cash flow statement

For the period ended 30 September 2022

EGP	Notes	30 September 2022	30 September 2021
Cash Flows from Investing Activities			
Payments for property, plant and equipment *	11	(14 131 597)	(3 202 020)
Interest income		2 420 008	187 048
Net cash flows (used in) investing activities		**(11 711 589)**	**(3 014 972)**
Cash Flows from Financing Activities			
Payment of loans		(84 476 124)	(71 823 915)
Payment of other liabilities		--	(769 250)
Proceeds / (Payment) of credit facilities		101 091 115	(7 565 913)
Payment for lease liability		(1 191 621)	--
Payment of dividends	26	(6 927 439)	(7 108 042)
Net cash flows generated by (used in) financing activities		**8 495 931**	**(87 267 120)**
Net increase in cash and cash equivalents		115 604 334	42 787 450
Cash and cash equivalents at the beginning of the period		117 292 968	51 720 149
Cash and cash equivalents at the end of the period	19	**232 897 302**	**94 507 599**

- The accompanying notes form an integral part of the Separate Interim Financial Statements and to be read therewith.

Sergio Alcantarilla Rodriguez	**Salvador Lopez**
Chief Executive Officer	Chief Financial Officer

1. General information

Arabian Cement Company S.A.E. (ACC or the Company), a joint stock Company incorporated in Cairo, Egypt, is a public company whose shares are traded at the EGX Egyptian Exchange. The Company was established on March 5, 1997 under Law No. 230 of 1989 and Law No. 95 of 1992 according to the decision of the President of General Authority for Investment and Free Zone (GAFI) No. 167 of 1997.

The Company was registered at the Commercial Register under No. 13105 in Cairo on April 3, 2005, which was changed to No. 53445 on August 16, 2011 as the Company changed its registered office from 72 Gameat El Dowal Street, Mohandiseen, Giza- Egypt. The admin office changed to be on Gamal Abdel Nasser square (west Arabella), Fifth Settlement Arabella Plaza, Office Building (A), 5th floor.

The Company's objective is the manufacturing and sale of clinker, cement and the other related products and usage of mines and extraction of all mining materials required for the production of construction materials and road transportation for all the company's product. The Company may carry out other projects or amend its purpose according to the Investment Incentives and Guarantees Law.

The Company produces cement with a clinker capacity of 4.2 million tonnes per annum that can produce 5 million tonnes per annum of cement.

The main shareholder of the Company is Aridos Jativa – Spanish Company, and it owns 60% of the Company's capital.

The Company's term is 25 years starting from the date of its registration at the commercial register.

2. Significant accounting policies

2.1 Basis of preparation

The Separate Interim Financial Statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value or amortized cost, as appropriate.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The separate interim 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.

2.2 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.

transport services

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

2.3 Leasing

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except when another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.4 Foreign currencies

The financial statements are presented in Egyptian Pound (EGP), which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange 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.

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

Currency table	30 September 2022		31 December 2021	
	Average	period end	Average	Year end
1 USD US Dollar	17.75	19.57	15.73	15.74
1 EUR Euro	19.08	19.28	18.59	17.92

2.5 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).

2.6 Employee benefits

2.6.1 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.

2.6.2 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.

2.7 Taxation

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

2.7.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the separate interim 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 entity's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

2.7.2 Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Separate Interim 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.

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 entity 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 Company intends to settle its current tax assets and liabilities on a net basis.

2.7.3 Current and deferred tax for the period

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.

2.8 Investments in subsidiaries

Investments in subsidiaries are investments in companies in which the company has control. The investor controls the investee when he is exposed or is entitled to variable returns through his contribution to the investee and is able to influence those returns through his authority over the investee.

Investments in subsidiaries are accounted for at cost inclusive of transaction cost 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.

2.9 Investments in joint ventures

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.

2.10 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 separate interim 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 entity's accounting policy as described in note 2.6 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:

Buildings	10 – 20 years
Plant and equipment	20 years
Furniture and fixtures	16 years
Vehicles	5 – 7 years
Other installations	20 years
Computer and software	3 – 5 years

2.11 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	Years
Operating licence	20 years
Electricity contract	20 years

2.12 Impairment of tangible and intangible assets

At the end of each reporting period, the entity 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 entity 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 entity 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.

2.13 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 moving 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.

2.14 Provisions

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the entity 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.

2.15 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".

2.16 Lease Contracts

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.

2.17 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.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the entity'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 (2.3) 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 entity's property, plant and equipment at the end of period ended 30 September 2022 is EGP 1 856 292 143 (31 December 2021: EGP 1 994 319 312) (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 entity's intangible assets at the end of period ended 30 September 2022 is EGP 198 365 282 (31 December 2021: EGP 219 424 613), (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 period ended 30 September 2022 is EGP 52 849 473 (31 December 2021: EGP 24 437 823). This amount is based on estimates of future costs for legal cases and other claims in connection with the Company's operations (note 25). 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

An analysis of the Company's revenue for the period is as follows:

EGP	30 September 2022	30 September 2021
Local sales	2 597 922 841	1 256 729 262
Export sales	575 916 076	196 787 528
Services	160 134 105	114 633 852
Total	**3 333 973 022**	**1 568 150 642**

5. Cost of sales

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

EGP	30 September 2022	30 September 2021
Raw materials	2 345 909 520	1 142 955 414
Manufacturing depreciation	150 074 531	151 373 109
Amortization of Licenses - intangible assets	21 059 331	27 528 055
Amortization of right of use	4 072 131	--
Transportation cost	118 537 124	64 678 993
Overhead costs	104 678 577	103 772 414
Total	**2 744 331 214**	**1 490 307 985**

6. General and administration expenses

An analysis of the Company's general and administration expenses for the period is as follows:

EGP	30 September 2022	30 September 2021
Professional services	41 875 073	32 723 164
Salaries and wages	24 749 316	20 293 339
Security and cleaning services	843 657	1 054 249
Rentals	93 664	1 400 606
Transportation cost	5 632 379	1 100 259
Advertising	1 244 205	1 002 118
Administrative depreciation	1 742 738	1 521 590
Other expenses	38 074 703	18 023 557
Total	**114 255 735**	**77 118 882**

7. Finance costs

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

EGP	30 September 2022	30 September 2021
Loan interest expense	25 378 496	27 016 153
Electricity agreement interest expense	--	572 750
Finance lease	822 038	--
Finance cost long term notes payables	407 786	1 136 039
Credit facilities interest expense	12 781 109	23 306 656
Total	**39 389 429**	**52 031 598**

8. Compensation of key management personnel *

EGP	30 September 2022	30 September 2021
Board of Directors allowance	6 899 472	6 117 090
Board of Directors salaries	8 304 920	7 363 200
Total	**15 204 392**	**13 480 290**

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

9. Income taxes

9.1 Income tax recognised in profit or loss

EGP	30 September 2022	30 September 2021
Current tax		
Current tax expense for the current period	125 011 490	13 017 435
Deferred tax		
Deferred tax recognized in the current period	(29 729 948)	(13 444 084)
Total income tax expense recognized in the current period	**95 281 542**	**(426 649)**

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	30 September 2022	31 December 2021
Profit before tax	340 022 537	46 913 357
Tax using applicable tax rate 22.5%	76 505 071	10 555 505
Add:		
Effect of reversal of accounting depreciation and amortization	172 876 596	248 180 142
Effect of expenses that are not deductible in determining taxable profit	69 818 243	19 522 730
Effect of provisions formed that are not deductible in determining taxable profit	91 345 423	7 200 018
Effect of unrealized net foreign exchange losses that are not deductible in determining taxable profit	--	8 713 261
Less:		
Effect of tax depreciation and amortization that are deductible in determining taxable profit	(81 923 539)	(127 433 209)
Effect of realized net foreign exchange losses that are deductible in determining taxable profit	--	(5 132 948)
Effect of provisions used that are deductible in determining taxable profit	(31 909 283)	--
Carry forward tax losses	--	(10 452 408)
Others	(4 623 355)	--
Taxable income	555 606 622	187 510 943
Income tax expense recognized in profit or loss	**125 011 490**	**42 189 962**

9.2 Current tax liabilities

EGP	30 September 2022	31 December 2021
Current tax liability (note 9.1)	125 011 490	42 189 962
Current tax liabilities	**125 011 490**	**42 189 962**

The average effective tax rate in the period ended 30 September 2022 is 37% against 90% in 2021.

9.3 Deferred tax balances

Deferred tax liabilities arise from the following:

31 December 2021 EGP	Opening balance	Recognized in profit or loss	Closing balance
(Liabilities)			
Temporary differences			
Property, plant & equipment	(321 893 851)	22 400 084	(299 493 767)
Net deferred tax liability	**(321 893 851)**	**22 400 084**	**(299 493 767)**
30 September 2022 EGP	**Opening balance**	**Recognized in profit or loss**	**Closing balance**
(Liabilities)			
Temporary differences			
Property, plant & equipment	(299 493 767)	29 729 948	(269 763 819)
Net deferred tax liability	**(299 493 767)**	**29 729 948**	**(269 763 819)**

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:

	30 September 2022	30 September 2021
Earnings (for basic and diluted earnings per share)		
(Loss) / profit for the period (EGP)	244 740 995	(24 532 666)
Employees' share in the dividends (note 18) (EGP)	(5 164 343)	(5 281 015)
Distributable net loss /profit for the period (EGP)	**239 576 652**	**(29 813 681)**
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)	**0.63**	**(0.08)**

11. Property, Plant and Equipment

EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software	Total
Cost								
Balance at 1 January 2021	**50 243 436**	**633 139 535**	**27 691 784**	**2 849 783 583**	**14 998 065**	**302 171 628**	**20 776 284**	**3 898 804 315**
Additions	--	25 254 227	255 423	3 111 366	71 450	216 000	683 167	29 591 633
Transfer From PUC	--	--	--	2 703 870	--	--	--	2 703 870
Balance at 31 December 2021	**50 243 436**	**658 393 762**	**27 947 207**	**2 855 598 819**	**15 069 515**	**302 387 628**	**21 459 451**	**3 931 099 818**
Balance at 1 January 2022	**50 243 436**	**658 393 762**	**27 947 207**	**2 855 598 819**	**15 069 515**	**302 387 628**	**21 459 451**	**3 931 099 818**
Additions	--	1 830 771	10 075 905	422 556	41 250	516 930	902 688	13 790 100
Balance at 30 September 2022	**50 243 436**	**660 224 533**	**38 023 112**	**2 856 021 375**	**15 110 765**	**302 904 558**	**22 362 139**	**3 944 889 918**

EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software	Total
Accumulated depreciation and impairment								
Balance at 1 January 2021	--	**263 902 811**	**15 476 390**	**1 279 406 452**	**8 143 420**	**136 451 836**	**19 844 429**	**1 723 225 338**
Depreciation expense	--	37 869 146	3 358 594	153 853 177	1 421 915	16 433 002	619 334	213 555 168
Balance at 31 December 2021	--	**301 771 957**	**18 834 984**	**1 433 259 629**	**9 565 335**	**152 884 838**	**20 463 763**	**1 936 780 506**
Balance at 1 January 2022	--	**301 771 957**	**18 834 984**	**1 433 259 629**	**9 565 335**	**152 884 838**	**20 463 763**	**1 936 780 506**
Depreciation expense	--	21 095 143	1 864 629	115 279 936	945 533	11 834 824	797 204	151 817 269
Balance at 30 September 2022	--	**322 867 100**	**20 699 613**	**1 548 539 565**	**10 510 868**	**164 719 662**	**21 260 967**	**2 088 597 775**
Carrying amount								
At 30 September 2022	**50 243 436**	**337 357 433**	**17 323 499**	**1 307 481 810**	**4 599 897**	**138 184 896**	**1 101 172**	**1 856 292 143**
At 31 December 2021	**50 243 436**	**356 621 805**	**9 112 223**	**1 419 635 320**	**5 504 180**	**149 502 790**	**995 688**	**1 994 319 312**

- On February 24, 2019 There is a cancellation for the first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt , The management currently in the process of the procedures for change mortgage to be in favour of the Commercial International Bank (CIB) (Security agent)as disclosed in details in (note 23)
- 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 1 742 738. The depreciation expense for the remaining assets is included in the cost of sales of note (5) in the amount of EGP 150 074 531.

12. Assets under construction

EGP	30 September 2022	31 December 2021
Balance as of January 1	3 261 312	6 563 562
Additions	341 497	--
Transfer to fixed assets	--	(2 703 870)
Adjustments	--	(598 380)
Total	**3 602 809**	**3 261 312**

Project under construction are represented in the following categories:

EGP	30 September 2022	31 December 2021
Machinery and equipment	3 602 809	3 261 312
Total	**3 602 809**	**3 261 312**

13. Intangible assets (net)

EGP	Operating license	Electricity contract	Total
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 January 1, 2021	**(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)**
Cost			
Cost as of January 1, 2022	**563 204 713**	**225 200 000**	**788 404 713**
Additions	--	--	--
Cost as of September 30, 2022	**563 204 713**	**225 200 000**	**788 404 713**
Accumulated amortization			
Accumulated amortization as of January 1, 2022	**(343 780 100)**	**(225 200 000)**	**(568 980 100)**
Amortization for the period	(21 059 331)	--	(21 059 331)
Total accumulated amortization as of September 30, 2022	**(364 839 431)**	**(225 200 000)**	**(590 039 431)**
Net book value September 30,2022	**198 365 282**	--	**198 365 282**
Net book value December 31,2021	**219 424 613**	--	**219 424 613**

Operating license

As per the country's policies to obtain a license for the cement factory, the General Industrial Development Association approved the issuing of a license to the company on May 21, 2008 in the amount to EGP 281.4 million for the 1st production line with related liability on the company to pay 15% as an advance payment and the residual amount will be paid over 5 equal annual instalments after 1 year from starting production with a maximum of 18 months according to interest rate determined by Central Bank of Egypt (CBE).

The above mentioned value will be also applied for the second line and a 25% will be paid as an advance payment and residual amount will be settled over a period of 3 years according to the interest rate determined by Central Bank of Egypt (CBE).

On 22 January 2015, the Industrial Development Authority (IDA) accepted to receive EGP 8 million on a monthly basis until the legal dispute with the company is resolved, which is currently at the court.

Electricity contract

Intangible assets represent the value of the contract concluded with the Ministry of Electricity on March 11, 2010, where the Ministry of Electricity identifies the needs of heavy industrial projects and arranges their needs, either through the establishment of new stations or already established ones. The cost of investments will be paid by the company according to what has been determined by the Ministry, which amounted to EGP 217.2 million, where payment has been agreed to be paid as follows:

15% advance payment equivalent to EGP 32.58 million.

120 monthly instalments due on the first 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. Investments is subsidiaries

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

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

15. Investments in joint venture

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

16. Inventories

EGP	30 September 2022	31 December 2021
Raw materials	339 158 066	61 649 387
Packing materials	57 115 736	7 133 235
Spare parts	13 183 947	9 690 202
Work in progress	3 801 481	2 230 592
Finished goods	236 871 700	282 086 306
Total	**650 130 930**	**362 789 722**

The cost of inventory charged to cost of sales amount to EGP 2 345 909 520 (note 5).

17. Trade receivables

EGP	30 September 2022	31 December 2021
Trade receivables	289 820 681	12 292 593
Total	**289 820 681**	**12 292 593**

Aging of receivables that are past due but not impaired:

EGP	30 September 2022	31 December 2021
Less than 30 days	289 820 681	12 292 593
Total	**289 820 681**	**12 292 593**

For calculating expected credit losses, the Company uses a simplified approach for amounts due from trade receivables.

18. Debtors and other debit balances

EGP	30 September 2022	31 December 2021
Advance to suppliers	280 667 120	21 433 885
Withholding tax	4 952 778	18 193 239
Value added tax	--	6 782 626
Real estate tax	--	1 572 127
Deposit with others	79 316 179	79 568 635
Employees' dividends in advance	5 164 343	6 927 441
Letters of guarantee – cash margin	2 599 049	1 564 049
Cash imprest	3 077 476	2 457 775
Other debit balances *	55 686 401	2 137 337
Less: - Impairment in debtors	(1 607 808)	(1 607 808)
Total	**429 855 538**	**139 029 306**

*Other debit balances include an amount of EGP 53 270 230 representing due export subsidy revenues collected during the October 2022.

19. Cash and bank balances

EGP	30 September 2022	31 December 2021
Cash on hand	5 146 321	1 674 655
Current account – local currency	87 647 495	36 829 760
Current account – foreign currency	41 589 478	9 698 712
Bank deposits *	98 514 008	69 089 841
Total	**232 897 302**	**117 292 968**

* The bank deposit balances include an amount of EGP 1 166 107 a pledged time deposit.

20. Authorized and Issued capital

EGP	30 September 2022	31 December 2021
Par value per share	2	2
Number of ordinary shares authorized, issued and fully paid	378 739 700	378 739 700
Issued capital	**757 479 400**	**757 479 400**

21. Legal reserve

In accordance with the Companies' Law No.159 of 1981 and the Company's Articles of Incorporation, 10% of annual net profit is transferred to legal reserve. The entity shall cease such transfer when the legal reserve reaches 50% of the issued capital. The legal reserve is not eligible for distribution to shareholders.

22. Retained earnings

EGP	30 September 2022	31 December 2021
Balance at beginning of period	**57 749 903**	**37 734 467**
Total comprehensive income for the period	244 740 995	27 123 479
Transfer to legal reserve	(2 712 348)	--
Payment of dividends	(6 927 439)	(7 108 043)
Balance at end of period	**292 851 111**	**57 749 903**

23. Borrowings

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

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 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 nq 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 exceed 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 profit or loss for the remaining useful life of the related asset. (note 28).

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 profit or loss for the remaining useful life of the related asset (Alternative fuel line). (note 28)

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

Third: - National Bank of Egypt - NBE

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

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

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

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

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

The following interests and commissions are calculated on these facilities

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

The commitments in the agreement included the following:

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

24. Trade and notes payable

	Current		Non-current	
EGP	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Local trade payable	673 586 995	382 112 281	--	--
Foreign trade payable	420 468 338	271 315 966	--	--
Notes payable*	3 885 085	3 411 122	4 544 514	7 610 691
Total	**1 097 940 418**	**656 839 369**	**4 544 514**	**7 610 691**

* The value of the notes payable represents the value of the checks issued in favour of City Gas, which resulted from the settlement of the previous dispute with the company regarding the differences in gas consumption, and a settlement in 2020 agreement was reached whereby the company charged 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 11 847 553, and these amount have been charged to other general and administrative expenses.

25. Provisions

EGP	Provision for claims
Balance at 1 January 2022	24 437 823
Additional provisions recognized	91 345 423
Used during the period	(62 933 773)
Balance at 30 September 2022	**52 849 473**

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

26. Dividends payable

The Ordinary General Assembly of the company, held on March 30, 2022, decided to approve the dividend to the shareholders according to the distributable profits on December 31, 2021.

EGP	31 December 2021
Net profit for the period	27 123 479
Retained earnings at beginning of the period	30 626 424
Distributable net profits	**57 749 903**
To be distributed as follows:	
Legal reserve	2 712 348
Profit attributable to employees – note (18)	6 927 439
Retained earnings at end of the period	**48 110 116**

27. Creditors and other credit balances

EGP	30 September 2022	31 December 2021
Advances from customers	63 295 089	67 317 657
Accrued expenses	24 388 412	11 700 407
Accrued development fees	8 832 156	11 290 171
Accrued customers rebates	44 680 073	54 422 249
Accrued taxes	24 708 022	8 715 319
Accrued interest	1 611 342	1 427 344
Deferred Revenue - Grant (note 23)	12 469 642	13 240 502
Retention	5 096 330	5 096 330
Total	**185 081 066**	**173 209 979**

28. Financial instruments

28.1 Capital risk management

The Company manages its capital to ensure that 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 and other liabilities, offset by cash and bank balances (note 19) and equity of the Company (comprising issued capital, legal reserve and retained).

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

The gearing ratio on 30 September 2022 of 35% (see below) decreased mainly due to Due to an increase in equity due to profit for the period and an increase in cash.

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

EGP	30 September 2022	31 December 2021
Debt (i)	693 578 527	644 028 769
Cash and bank balances	(232 897 302)	(117 292 968)
Net debt	**460 681 225**	**526 735 801**
Equity (ii)	**1 310 783 013**	**1 072 969 457**
Net debt to equity ratio	**35%**	**49%**

(i) Debt is defined as long-and short-term borrowings and lease, as detailed in (note 23 and 32).

(ii) Equity includes all capital, legal reserve and retained earnings of the Company (note 20, 21 and 22).

28.2 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 2.15 Financial instruments.

28.3 Categories of financial instruments

EGP	30 September 2022	31 December 2021
Financial assets (i)		
Cash and bank balances (note 19)	232 897 302	117 292 968
Trade receivables (note 17)	289 820 681	12 292 593
Other debit balances –deposits with others (note 18)	79 316 179	79 568 635
Financial liabilities (ii)		
Loans current and non-current (note 23)	335 923 914	387 095 688
Credit facilities (note 23)	341 478 078	240 386 963
Finance lease (note 31.2)	16 176 535	16 546 118
Trade payable (note 24)	1 102 484 932	664 450 060
Creditors and other credit balances (note 27)	25 999 754	13 266 745

(i) A total of EGP 1018 million (2021: EGP 437 million) of other current assets does not meet the definition of a financial asset.

(ii) A total of EGP 607 million (2021: EGP 534 million) of other current and non-current liabilities does not meet the definition of a financial liability.

28.4 Financial risk management objectives

In the course of its business, the Company is exposed to a number of financial risks. This note presents the Company objectives, policies and processes for managing its financial risks and capital. These risks include market risk (including currency risk, and interest rate risk), credit risk and liquidity risk. The Company seeks to minimise the effects of these risks mainly through operational and finance activities.

28.5 Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (see note 29.6 below) and interest rates (see note 28.7 below).

28.6 Foreign currency risk management

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

The Company'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 (EBRD loan), at the end of the reporting period, in the major currencies in which they are issued.

Borrowings

EGP	30 September 2022	31 December 2021
USD	170 173 914	188 195 688
Total	**170 173 914**	**188 195 688**

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

EGP	Liabilities		Assets	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Currency-USD	590 575 532	459 511 654	400 968 888	88 021 881
Currency-EUR	--	--	564 558	3 493

28.6.1 Foreign currency sensitivity analysis

As discussed above, the Company is mainly exposed to the U.S. 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 entity'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, cash at bank, trade receivables, other debit balances, due to related parties and foreign suppliers within the entity.

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	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Profit or loss	18 960 664	37 148 977	56 456	349

28.7 Interest rate risk management

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

28.7.1 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 entity's profit for the year ended 30 September 2022 would decrease / increase by EGP 6 935 785 million (2021: decrease / increase by EGP 6 440 288 million). This is mainly attributable to the entity's exposure to interest rates on its variable rate borrowings.

28.8 Credit risk management

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

The Company'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 entity's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Trade receivables do not consist of a large number of customers. The Company does not have any significant credit risk exposure to any single counterparty or any Company of counterparties having similar characteristics. The Company 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 Company's maximum exposure to credit risk without taking account of the value of any collateral, if any.

28.9 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.

	Due in 1 year		Due more than year and less the 3 years		Due more than 3 years	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Loans	138 636 955	114 334 781	197 286 959	272 760 907		--
Lease liability	10 246 735	9 566 342	5 929 800	6 979 776		--
Trade and notes payables	1 097 940 418	656 839 369	4 544 514	7 610 691		--
Credit Facilities	341 478 078	240 386 963	--	--		--
creditors and other credit balances	25 999 754	13 266 745	--	--		--

28.10 Fair value measurement

Management considers that the carrying amounts of financial assets and financial liabilities recognised in the Separate Interim Financial Statements approximate their fair values.

29. 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);

ii. Has an interest in the entity that gives it significant influence over the entity; or

iii. Has joint control over the entity;

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 Investments in Associates and Joint Ventures);

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 (a) or (b); 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.

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

EGP	Relation type	Transaction nature	Volume of the transactions 30 September 2022	31 December 2021
Andalus Concrete Company	Subsidiary	Sales	20 135 668	4 940 597
ACC for Management and Trading Company	Subsidiary	Services	48 366 804	57 903 300
Evolve Investment & Projects Management Company	Subsidiary	Purchases	18 974 567	12 626 696
Cementos La Union-Spain company	Subsidiary of the parent	Services	2 231 051	2 206 910
Cementos La Union-Spain company	Subsidiary of the parent	Sales	37 372 288	109 647 988
Andalus Reliance for Mining Company	Joint Venture	Purchases	15 281 235	39 636 049

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

EGP	Due from related parties		Due to related parties	
	30 September 2022	31 December 2021	30 September 2022	31 December 2021
Andalus Concrete Company	11 902 270	13 075 840	--	--
Evolve Investment & Projects Management Company	2 558 679	2 681 124	--	--
ACC for Management and Trading Company	2 989 588	1 911 559	--	--
Cementos La Union – Spain Company	57 382	--	--	2 229 273
Andalus Reliance for Mining Company	--	--	--	8 221 106
Total	**17 507 919**	**17 668 523**	--	**10 450 379**

- Andalus Concrete Company purchases cement materials and products from Arabian Cement Company, which are used for manufacturing and trading concrete and construction materials.
- ACC for Management and Trading Company renders managerial services for Arabian Cement Company.
- Cementos La Union – Spain renders technical support services for Arabian Cement Company.
- Andalus Reliance for Mining Company supplied the raw materials for Arabian Cement Company.
- Evolve Investment & Projects Management Company supplied the raw materials for Arabian Cement Company.

30. 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.

31. Lease

31.1 Right of Use

EGP	Land and buildings	Total

Cost		
Cost as of January 1, 2022	22 486 750	22 486 750
Additions during period	--	--
Cost as of Sep 30, 2022	**22 486 750**	**22 486 750**
Less: - Accumulated amortization		
Accumulated amortization as of January 1, 2022	4 935 960	4 935 960
Amortization for the period	4 072 131	4 072 131
Total accumulated amortization as of September 30, 2022	**9 008 091**	**9 008 091**
Net book value Sep 30,2022	**13 478 659**	**13 478 649**

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

31.2 Financial lease liability.

Financial lease liability recognized in the statement of financial position

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

The lease interest cost during period amounted to EGP 822 038 (refer to note 7).

Amount EGP	30 September 2022	31 December 2021
Beginning balance	16 546 118	--
Additions	--	19 998 237
Interest expenses	822 038	2 488 513
Repayment of finance leasing	(1 191 621)	(5 940 632)
Ending Balances	**16 176 535**	**16 546 118**

32. Capital Commitments

No capital commitment for the period ended 30 September 2022.

33. Other income

Other revenues include an amount of approximately EGP 64.1 million, representing the value of export subsidies.

34. Tax position

Corporate income tax

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

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

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

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

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

Value added tax / Sales tax

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

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

Stamp tax

Stamp tax was inspected till 2019, and all due taxes and differences resulted from the inspection were settled.
The years 2020 and 2021 have not been inspected yet.

Payroll tax

Payroll tax was inspected, and taxes were settled until 2014.
The company`s books for the years from 2015 till 2020 currently under inspection and no claim recived yet.
The tax return was submitted on the electronic system of the Egyptian Tax Authority for the years 2020/2021, as well as the submission of quarterly returns on the due dates.

Real estate tax

The value of the real estate tax claims until 2020 on the company's factory in Suez amounted to 5,427,873 EGP, and the company has paid 7 million pounds, and the company has a debit balance of EGP 1,527,127.
The Tax Authority estimated a real estate tax on the company's administrative building in Cairo Governorate at EGP 403 920, and this estimate was challenged. The Appeal Committee issued its decision to reduce the tax to EGP 256,000 for the years 2020/2021. The company appealed the decision before the Court of Justice administrative.

Development fee

The Company pays the due development fee for the cement produced from local clinker only. The Company has received claims for the payment of development fee differences, represented as follows:
The development fee due and the delay penalties have been paid until 2016.
The company was claimed for the development fee difference for the year 2017 and 2018 in the amount of EGP 3,783,062 and the file was referred to the Appeal Committee. The decision of the Appeal Committee was issued for the year 2018, whereby the company is owed a tax of EGP 94,860, and there is still a dispute over the development fee due for the year 2017, amounting to EGP 1,196,265.
The Company paid all development fees on cement produced from local clinker till September 2022.

Withholding Tax

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

35. Significant Events during the current period

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

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

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

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

36. Significant Events during the subsequent period

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

37. Approval of financial statements

The Separate Interim Financial Statements were approved by the directors and authorized for issue on November 16, 2022.

Sergio Alcantarilla Rodriguez	**Salvador Lopez**
Chief Executive Officer	Chief Financial Officer