

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

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Limited Review Report
For the Condensed Separate Interim Financial Statements

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

Introduction

We have conducted our limited review for the accompanying condensed separate interim financial position of Arabian Cement Company - An Egyptian Joint Stock Company - as of June 30, 2023, and the related condensed separate statements of profits or losses, comprehensive income, changes in equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with the Egyptian Accounting Standard No. (30) - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

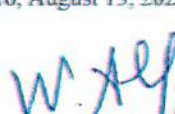
Scope of Review

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

Conclusion

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

Cairo, August 13, 2023


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



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

EGP	Note No.	June 30, 2023	December 31, 2022
Assets			
Non-current assets			
Property, plant and equipment (net)	(10)	1 722 148 196	1 809 821 676
Assets under construction	(11)	3 952 133	3 952 133
Intangible assets (net)	(12)	177 305 950	191 268 364
Right of use assets (net)	(26)	14 563 420	12 992 066
Investment in subsidiaries	(13)	47 476 057	47 476 057
Investment in a joint venture	(14)	125 000	125 000
Total non-current assets		1 965 570 756	2 065 635 296
Current assets			
Inventories	(15)	652 469 836	615 572 443
Trade receivables	(16)	331 312 087	49 371 741
Debtors and other debit balances (net)	(17)	238 338 292	217 510 036
Due from related parties	(25)	13 021 639	12 276 959
Cash and bank balances	(18)	523 266 991	797 971 564
Total current assets		1 758 408 845	1 692 702 743
Total assets		3 723 979 601	3 758 338 039
Equity and liabilities			
Equity			
Issued and paid-up capital	(19)	757 479 400	757 479 400
Legal reserve	(20)	294 702 995	260 452 502
Retained earnings		439 891 169	140 646 840
Total equity		1 492 073 564	1 158 578 742
Liabilities			
Non-current liabilities			
Borrowings	(22)	99 941 308	177 476 090
Deferred tax liabilities	(8-3)	241 595 932	264 257 505
Lease liabilities	(26)	7 781 705	6 724 129
Notes payable	(21)	3 129 945	4 544 514
Total non-current liabilities		352 448 890	453 002 238
Current liabilities			
Trade and notes payable	(21)	1063 187 152	822 872 962
Credit facilities	(22)	199 258 628	360 644 205
Current income tax liability	(8-2)	96 650 070	192 343 445
Current portion of long term borrowings	(22)	195 765 215	163 534 780
Lease liabilities	(26)	7 967 376	6 411 505
Creditors and other credit balances	(24)	248 985 330	288 398 900
Due to related parties	(25)	2 260 638	2 090 485
Dividends payable		--	249 968 203
Provisions	(23)	65 382 738	60 492 574
Total current liabilities		1 879 457 147	2 146 757 059
Total Liabilities		2 231 906 037	2 599 759 297
Total equity and liabilities		3 723 979 601	3 758 338 039

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



Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer

- Auditor's report attached.

Translation of the separate financial statements
originally issued in Arabic

Arabian Cement Company (S.A.E)

Condensed Separate Statement of Profit or Loss
for the six months ended June 30, 2023

	Note No.	For the three months ended in		For the six months ended in	
		June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Sales (net)	(3)	1 450 895 831	1 041 254 465	3 137 989 001	2 061 579 494
Cost of sales	(4)	(1 246 651 045)	(849 025 289)	(2 470 293 543)	(1 637 802 867)
Gross profit		204 244 786	192 229 176	667 695 458	423 776 627
Add/(deduct):					
General and administrative expenses	(5)	(57 919 027)	(35 897 365)	(107 684 543)	(68 176 501)
Provisions	(23)	(3 000 000)	(44 750 000)	(6 000 000)	(91 345 423)
Interest income		8 503 801	765 778	17 321 538	892 250
Other income		2 619 363	448 101	2 978 702	16 138 556
Finance costs	(6)	(29 616 331)	(11 285 576)	(54 692 114)	(25 769 445)
Foreign currency exchange losses		(863 851)	(13 391 676)	(105 071 942)	(64 493 972)
Net profit for the period before tax		123 968 741	88 118 438	414 547 099	191 022 092
Income taxes	(8-1)	(26 454 023)	(35 446 926)	(73 988 497)	(85 067 340)
Net profit for the period after tax		97 514 718	52 671 512	340 558 602	105 954 752
Earnings per share for the period	(9)	0.25	0.13	0.89	0.27

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



Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer

Translation of the separate financial statements
originally issued in Arabic

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

<u>EGP</u>	<u>for the three months ended in</u>		<u>for the six months ended in</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Net profit for the period after tax	97 514 718	52 671 512	340 558 602	105 954 752
Items of other comprehensive income	--	--	--	--
Comprehensive income for the period	<u>97 514 718</u>	<u>52 671 512</u>	<u>340 558 602</u>	<u>105 954 752</u>

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



Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer

*Translation of the separate financial statements
originally issued in Arabic*

Arabian Cement Company (S.A.E)

Condensed Separate Statement of Changes in Shareholders' Equity
for the six months ended June 30, 2023

<u>EGP</u>	<u>Issued and paid-up capital</u>	<u>Legal reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance as of January 1, 2022	757 479 400	257 740 154	57 749 903	1 072 969 457
Transferred to legal reserve	--	2 712 348	(2 712 348)	--
Dividends distributed to employees	--	--	(6 927 439)	(6 927 439)
Total comprehensive income for the period	--	--	105 954 752	105 954 752
Balance as of June 30, 2022	757 479 400	260 452 502	154 064 868	1 171 996 770
Balance as of January 1, 2023	757 479 400	260 452 502	140 646 840	1 158 578 742
Transferred to legal reserve	--	34 250 493	(34 250 493)	--
Dividends distributed to employees	--	--	(7 063 780)	(7 063 780)
Total comprehensive income for the period	--	--	340 558 602	340 558 602
Balance as of June 30, 2023	757 479 400	294 702 995	439 891 169	1 492 073 564

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



Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer

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

<u>EGP</u>	<u>Note No.</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
<u>Cash flows from operating activities</u>			
Net profit for the period before tax		414 547 099	191 022 092
<u>Adjusted by:</u>			
Finance costs	(6)	54 692 114	25 769 445
Interest income		(17 321 538)	(892 250)
Depreciation of property, plant and equipment	(10)	101 689 292	100 661 292
Amortization of intangible assets	(12)	13 962 414	13 962 413
Amortization of right of use assets	(26)	3 213 997	2 714 755
Unrealized foreign currency exchange losses from borrowings		33 913 044	30 130 436
Provisions	(23)	6 000 000	91 345 423
		<u>610 696 422</u>	<u>454 713 606</u>
Increase in inventories		(36 897 393)	(376 947 006)
Increase in debtors and other debit balances		(32 259 173)	(113 145 861)
Increase (decrease) in amounts due from related parties		(744 680)	817 933
Increase in trade receivables		(281 940 346)	(82 018 279)
Increase in trade and notes payables		238 899 621	379 881 480
Increase (decrease) in amounts due to related parties		170 153	(8 578 046)
(Decrease) increase in creditors and other credit balances		(39 453 459)	138 269 320
Provisions used	(23)	(1 109 836)	(20 924 489)
Cash flows generated from operating activities		<u>457 361 309</u>	<u>372 068 658</u>
Finance costs paid		(54 171 440)	(24 886 975)
Income tax paid		(187 976 308)	(18 528 946)
Net cash flows generated from operating activities		<u>215 213 561</u>	<u>328 652 737</u>
<u>Cash flows from investing activities</u>			
Payments for purchase of property, plant and equipment		(14 015 812)	(2 701 679)
Interest income received		17 321 538	892 250
Net cash flows generated from (used in) investing activities		<u>3 305 726</u>	<u>(1 809 429)</u>
<u>Cash flows from financing activities</u>			
Net change in borrowings		(79 217 391)	(54 617 427)
Net change in credit facilities		(161 385 577)	(123 566 967)
Repayment for lease liabilities	(26)	(2 652 689)	(718 900)
Dividends paid		(249 968 203)	(6 927 439)
Net cash flows used in financing activities		<u>(493 223 860)</u>	<u>(185 830 733)</u>
Net change in cash and cash equivalents during the period		(274 704 573)	141 012 575
Cash and cash equivalents at the beginning of the period		797 971 564	117 292 968
Cash and cash equivalents at the end of the period	(18)	<u>523 266 991</u>	<u>258 305 543</u>

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

Sergio Aicantarilla Rodriguez
Chief Executive Officer




Arturo Gallart Mauri
Chief Financial Officer

1. The Company's general information

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

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

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

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

The main shareholder of the Company is Aridos Jativa – Spanish Company, and it owns 60% of the Company's capital. The Company's term is 25 years starting from the date of its registration at the commercial register.

The condensed separate interim financial statements were approved by the Board of Directors and authorized for issue on August 13, 2023.

2. Significant accounting policies

2.1 Statement of compliance

The condensed separate interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) No. (30) Interim financial reporting. These condensed separate interim financial statements do not include all the information required in the preparation of the full set of annual separate financial statements and must be read in conjunction with the annual separate financial statements as of December 31, 2022.

2.2 Basis of preparation

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

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

3. Sales revenue

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

EGP	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
<u>Local</u>				
Sales	813 763 043	824 115 827	1 761 639 461	1 713 422 700
Services	16 012 380	25 437 426	31 084 310	54 248 318
Total Local Sales	829 775 423	849 553 253	1 792 723 771	1 767 671 018
<u>Export</u>				
Sales	488 694 294	175 103 453	1 063 629 964	247 109 339
Services	132 426 114	16 597 759	281 635 266	46 799 137
Total Export Sales	621 120 408	191 701 212	1 345 265 230	293 908 476
Total Sales	1 450 895 831	1 041 254 465	3 137 989 001	2 061 579 494

4. Cost of sales

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

EGP	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Raw material	1 022 850 246	730 371 094	1 995 475 318	1 376 746 231
Manufacturing depreciation	50 540 040	49 990 060	100 416 837	99 499 861
Electricity supply agreement amortization	7 019 778	7 019 778	13 962 414	13 962 414
Right of use amortization	1 740 514	1 357 377	3 213 997	2 714 754
Transportation cost	119 792 259	27 717 624	264 210 050	78 048 213
Overhead cost	44 708 208	32 569 356	93 014 927	66 831 394
Total	1 246 651 045	849 025 289	2 470 293 543	1 637 802 867

5. General and administration expenses

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

EGP	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Professional services	17 155 969	13 910 525	35 059 766	27 443 872
Salaries and wages	18 316 889	8 508 652	32 372 770	16 414 154
Security and cleaning services	617 236	298 756	885 234	556 802
Rentals	32 443	41 577	67 287	60 458
Transportation	4 954 457	715 700	6 127 959	1 270 645
Advertising	980 584	553 995	2 163 823	1 210 205
Administrative depreciation	683 567	578 710	1 272 455	1 161 431
Other expenses	15 177 882	11 289 450	29 735 249	20 058 934
Total	57 919 027	35 897 365	107 684 543	68 176 501

6. Finance costs

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

EGP	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Interest expense on loans	11 762 647	8 685 730	23 422 003	16 416 359
Lease liability interest	327 537	244 970	480 785	595 105
Note payables interest	223 261	135 877	426 065	248 997
Credit facilities interest expense	17 302 886	2 218 999	30 363 261	8 508 984
Total	29 616 331	11 285 576	54 692 114	25 769 445

7. Compensation of key management personnel *

An analysis of the Company's Compensation of key management personnel for the period is as follows:

EGP	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Board of Directors allowances and salaries	12 793 229	5 279 792	20 925 213	9 775 136
TOTAL	12 793 229	5 279 792	20 925 213	9 775 136

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

8. Income taxes

8.1 Income tax recognised in statement of profit or loss

EGP	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
CURRENT TAX				
Current tax expense for the current period	25 717 437	41 920 927	96 650 070	96 629 654
DEFERRED TAX				
Net deferred tax recognized in the current period	736 586	(6 474 001)	(22 661 573)	(11 562 314)
TOTAL INCOME TAX	26 454 023	35 446 926	73 988 497	85 067 340

8.2 Current income tax liabilities

EGP	June 30, 2023	December 31, 2022
Current income tax liabilities (note 8.1)	96 650 070	192 343 445
CURRENT INCOME TAX LIABILITIES	96 650 070	192 343 445

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

June 30, 2023 EGP	Opening balance	Recognized in profit or loss	Closing balance
(Temporary differences)			
Deferred Tax Liability			
Property, plant & equipment	(264 257 505)	12 539 399	(251 718 106)
Deferred tax Assets			
Unrealized foreign currency exchange losses	--	10 122 174	10 122 174
NET DEFERRED TAX LIABILITY	(264 257 505)	22 661 573	(241 595 932)

December 31, 2022 EGP	Opening balance	Recognized in profit or loss	Closing balance
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(299 493 767)	35 236 262	(264 257 505)
NET DEFERRED TAX LIABILITY	(299 493 767)	35 236 262	(264 257 505)

9. Earnings per share

Basic earnings per share is calculated by dividing the earnings from continuing operations attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. For diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares. As the company does not have any dilutive potential, the basic and diluted earnings per share are the same.

The earnings from continuing operations and weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share are as follows:

EGP	Three months ended		Six months ended	
	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
Earnings for basic and diluted earnings per share:				
Profit for the period	97 514 718	52 671 512	340 558 602	105 954 752
Employees' share in distributable profits (note 17)	(2 671 201)	(1 755 307)	(5 197 596)	(3 444 644)
Distributable profit	94 843 517	50 916 205	335 361 006	102 510 108
Number of shares for basic and diluted earnings per share:				
Weighted average number of ordinary shares for the purposes of EPS	378 739 700	378 739 700	378 739 700	378 739 700
PROFIT PER SHARE	0.25	0.13	0.89	0.27

Arabian Cement Company S.A.E
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10. Property, plant and equipment (Net)

EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software	Total
COST								
Balance at January 1, 2022	50 243 436	658 393 762	27 947 207	2 855 598 819	15 069 515	302 387 628	21 459 451	3 931 099 818
Additions	--	850 000	41 505	422 556	--	516 930	870 688	2 701 679
Balance at June 30, 2022	50 243 436	659 243 762	27 988 712	2 856 021 375	15 069 515	302 904 558	22 330 139	3 933 801 497
Balance at January 1, 2023	50 243 436	663 352 417	38 134 002	2 857 479 064	15 110 765	302 978 330	22 589 172	3 949 887 186
Additions	--	7 159 392	1 432 043	2 702 936	723 460	432 204	1 565 777	14 015 812
Adjustments	--	--	--	(217 225)	--	--	--	(217 225)
Balance at June 30, 2023	50 243 436	670 511 809	39 566 045	2 859 964 775	15 834 225	303 410 534	24 154 949	3 963 685 773
DEPRECIATION ACCUMULATED								
Balance at January 1, 2022	--	301 771 957	18 834 984	1 433 259 629	9 565 335	152 884 838	20 463 763	1 936 780 506
Depreciation expenses	--	13 982 708	1 257 540	76 428 642	631 483	7 830 972	529 947	100 661 292
Balance at June 30, 2022	--	315 754 665	20 092 524	1 509 688 271	10 196 818	160 715 810	20 993 710	2 037 441 798
Balance at January 1, 2023	--	329 992 464	21 627 974	1 587 595 726	10 785 432	168 726 921	21 336 993	2 140 065 510
Depreciation expense	--	13 872 239	1 868 069	76 766 848	513 485	7 909 681	758 970	101 689 292
Adjustments	--	--	--	(217 225)	--	--	--	(217 225)
Balance at June 30, 2023	--	343 864 703	23 496 043	1 664 145 349	11 298 917	176 636 602	22 095 963	2 241 537 577
CARRYING AMOUNT								
At June 30, 2023	50 243 436	326 647 106	16 070 002	1 195 819 426	4 535 308	126 773 932	2 058 986	1 722 148 196
At June 30, 2022	50 243 436	343 489 097	7 896 188	1 346 333 104	4 872 697	142 188 748	1 336 429	1 896 359 699
At December 31, 2022	50 243 436	333 359 953	16 506 028	1 269 883 338	4 325 333	134 251 409	1 252 179	1 809 821 676

- On February 24, 2019, there was a cancellation for the first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt. The management currently in the process of changing the mortgage to be in favour of the Commercial International Bank (CIB) (Security Agent).

- According to the loans contracts granted by the Commercial International Bank (Security Agent), the Company issued an insurance policy for the benefit of the bank, an insurance policy against all potential risks on the Company's factory and the production lines, in favour for the bank, and the bank is the first and only beneficiary of this policy.

- The depreciation expense for the item of furniture and computers is included in the item of general and administrative expenses, Note (5) in the amount of EGP 1 272 455. The depreciation expense for the remaining assets is included in the cost of sales of Note (4) in the amount of EGP 100 416 837.

11. Projects under construction

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

Assets under construction are represented in the following categories:

Machinery and equipment	3 261 312	3 261 312
Technology equipment and installations	690 821	690 821
TOTAL	3 952 133	3 952 133

12. Intangible assets (net)

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

Operating license

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

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

Electricity contract

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

15% advance payment equivalent to EGP 32.58 million.

120 monthly instalments due on the first of every month from April 2010 amounted by EGP 1.220 million per each instalment.

120 monthly instalments due on the first of every month from February 2011 amounted by EGP 1.342 million per each instalment.

In addition to EGP 8 million for the allocation of two cells of the traditional type, to be paid in four quarterly instalments and the last instalment was due on 1 February 2011.

13. Investments in subsidiaries

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

Company name EGP	Domicile	Share/ paid- in capital	June 30, 2023	December 31, 2022	Principal activities	Proportion of ownership interest and voting power held by the Company
Andalus Concrete Company	Egypt	%99.99	30 926 807	30 926 807	Concert products, mainly ready mix	99.99%
Evolve Investment & Projects Management Company	Egypt	%99.99	16 499 750	16 499 750	Alternative fuel and recycling	99.99%
ACC for Management and Trading Company	Egypt	%99	49 500	49 500	Providing managerial services	99%
TOTAL			47 476 057	47 476 057		

14. Investments in a joint venture

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

Name of joint venture	Place of incorporation	Proportion of ownership interest and voting power held by the company	EGP	
			June 30, 2023	December 31, 2022
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
TOTAL			125 000	125 000

15. Inventories

EGP	June 30, 2023	December 31, 2022
Raw materials	77 167 246	44 310 142
Fuel	268 154 866	98 497 734
Packing materials	39 027 257	73 001 447
Spare parts	17 155 562	13 965 647
Work in progress	3 211 114	2 574 802
Finished goods	247 753 791	383 222 671
TOTAL	652 469 836	615 572 443

16. Trade Receivables

EGP	June 30, 2023	December 31, 2022
Trade Receivables	331 312 087	49 371 741
Total	331 312 087	49 371 741

17. Debtors and other debit balances (net)

EGP	June 30, 2023	December 31, 2022
Advance to suppliers	123 701 863	108 882 285
Withholding tax	8 034 241	5 260 141
Prepaid expenses	13 900 612	7 607 105
Value added tax	2 881 728	2 881 728
Real estate tax	1 572 127	1 572 127
Deposit with others	79 316 179	79 316 179
Employees' dividends in advance	5 197 596	7 063 780
Letters of guarantee – cash margin	547 049	2 599 049
Cash imprest	4 794 705	3 935 450
Less:- Impairment of debtors and other debit balances	(1 607 808)	(1 607 808)
TOTAL	238 338 292	217 510 036

18. Cash and bank balances

EGP	June 30, 2023	December 31, 2022
Cash in hand	4 168 539	2 932 427
Current account – local currency	126 097 407	562 644 512
Current account – foreign currency	40 685 773	112 334 157
Bank deposits	352 315 272	120 060 468
Total	523 266 991	797 971 564

19. Capital

EGP	June 30, 2023	December 31, 2022
Par value per share	2	2
Number of ordinary shares authorized, issued and fully paid	378 739 700	378 739 700
Issued capital	757 479 400	757 479 400

20. Legal reserve

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

21. Trade and notes payable

EGP	Current		Non-current	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Local trade payable	538 314 893	513 374 381	--	--
Foreign trade payable	521 965 448	306 432 404	--	--
Notes payable*	2 906 811	3 066 177	3 129 945	4 544 514
Total	1 063 187 152	822 872 962	3 129 945	4 544 514

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

22. Borrowings

EGP	Current		Non-current	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
First: Credit facilities				
<u>CIB</u>	182 436 838	162 164 643	--	--
<u>NBE</u>	16 821 790	198 479 562	--	--
Total Facilities	199 258 628	360 644 205	--	--

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Second: Bank loans				
Bank loans – CIB	61 200 000	56 100 000	66 300 000	96 900 000
Bank loans – EBRD	134 565 215	107 434 780	33 641 308	80 576 090
Total bank Loans	195 765 215	163 534 780	99 941 308	177 476 090

23. Provisions

EGP	Provision for claims
Balance at January 1, 2023	60 492 574
Formed provisions during the period	6 000 000
Provisions used during the period	(1 109 836)
Balance at June 30, 2023	65 382 738

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

24. Creditors and other credit balances

EGP	June 30, 2023	December 31, 2022
Advances from customers	95 735 775	140 124 307
Accrued expenses	25 343 369	21 678 389
Accrued development fees	10 437 817	10 433 957
Accrued customers rebates	61 531 705	74 784 633
Accrued taxes	36 805 014	21 594 146
Accrued interest	2 719 832	2 759 721
Deferred revenue – Grant	11 581 517	12 193 446
Retention	4 830 301	4 830 301
TOTAL	248 985 330	288 398 900

25. Related parties' transactions

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

EGP	Relation type	Transaction nature	Volume of the transactions	
			June 30, 2023	June 30, 2022
Andalus Concrete Company	Subsidiary	Sales	4 940 538	14 907 536
ACC for Management and Trading Company	Subsidiary	Services	40 709 505	32 179 029
Evolve Investment & Projects Management Company	Subsidiary	Purchases	8 695 935	18 026 166
Andalus Reliance for Mining Company	Joint Venture	Purchases	--	12 291 410
Cementos La Union – Spain	Subsidiary of the parent	Services Sales	2 500 853 --	9 178 528 29 987 534

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

EGP	Due from related parties		Due to related parties	
	June 30, 2023	December 31, 2022	June 30, 2023	December 31, 2022
Andalus Concrete Company	6 096 537	6 932 654	--	--
Evolve Investment & Projects Management Company	--	--	2 260 638	2 090 485
ACC for Management and Trading Company	6 829 734	5 268 165	--	--
Cementos La Union – Spain	95 368	76 140	--	--
TOTAL	13 021 639	12 276 959	2 260 638	2 090 485

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

26. Lease contracts

26.1 Right of Use

EGP	Land and buildings	Total
<u>Cost</u>		
Cost as of January 1, 2023	23 415 587	23 415 587
Additions	4 785 351	4 785 351
Cost as of June 30, 2023	28 200 938	28 200 938
<u>Less: - Accumulated amortization</u>		
Accumulated amortization as of January 1, 2023	10 423 521	10 423 521
Amortization for the period	3 213 997	3 213 997
Total accumulated amortization as of June 30, 2023	13 637 518	13 637 518
Net book value June 30, 2023	14 563 420	14 563 420
Net book value December 31, 2022	12 992 066	12 992 066

26.2 Lease liabilities

Lease liabilities recognized in the condensed separate statement of financial position

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

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

Amount EGP	June 30, 2023	December 31, 2022
Beginning balance	13 135 634	16 546 118
Additions	4 785 351	928 837
Interest expenses	480 785	1 057 180
Repayment of lease liabilities	(2 652 689)	(5 396 501)
Ending Balances	15 749 081	13 135 634

27. Significant Events during the period

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

New Standards or amended standards	Summary of significant amendments	Probable effect on separate financial statements	Effective date
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets " and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets. This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows: - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors".	Management is currently studying the possibility of changing the applied accounting policy and using the fair value model option stated in the standard and assessing the potential impact on the separate financial statements in case of using this option.	The amendments of adding the option to use the revaluation model are effective for financial periods starting on or after January 1, 2023, retrospectively, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.

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

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

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

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	<ul style="list-style-type: none">- Egyptian Accounting Standard No. (10) "Fixed Assets".- Egyptian Accounting Standard No. (23) "Intangible Assets".- Egyptian Accounting Standard No. (34) " Investment property".		
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Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer