Arabian Cement Company S.A.E.

Separate Financial Statements
Together with Auditor's Report
For the year ended December 31, 2023

Contents

Arabian Cement Company (separate financial statements)

Deloitte.

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Auditor's Report

To: The Shareholders of Arabian Cement Company
An Egyptian Joint Stock Company

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Arabian Cement Company an Egyptian Joint Stock Company, which comprise separate statement of financial position as of December 31, 2023, and the separate statements of profit or loss, comprehensive income, cash flows and changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

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

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

Deloitte.

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of Arabian Cement Company as of December 31, 2023, and the results of its separate operations and its separate cash flows for the year then ended in accordance with Egyptian Accounting Standards and the applicable Egyptian laws and regulations relating to the preparation of these separate 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 by the statutes of the Company. The separate financial statements are in agreement thereto. The company maintains 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, February 28, 2024

Wafik Alfred Hanna
FESAA, CPA
(R.A.A 9176) – (F.R.A 132)

Arabian Cement Company (S.A.E)
Separate Statement of Financial Position
as of December 31, 2023

	Note No.	December 31, 2023	December 31, 2022
		EGP	EGP
Assets			
Non-current assets			
Property, plant and equipment (net)	(11)	1 654 495 939	1 809 821 676
Assets under construction	(12)	2 426 563	3 952 133
Intangible assets (net)	(13)	163 112 115	191 268 364
Right of use assets (net)	(31)	12 901 506	12 992 066
Investment in subsidiaries (net)	(14)	30 315 214	47 476 057
Investment in a joint venture (net)	(15)	--	125 000
Total non-current assets		1 863 251 337	2 065 635 296
Current assets			
Inventories	(16)	976 873 736	615 572 443
Trade receivables	(17)	185 976 365	49 371 741
Debtors and other debit balances (net)	(18)	231 138 942	181 124 651
Due from related parties	(29)	8 481 160	12 276 959
Cash and bank balances	(19)	544 635 150	797 971 564
Total current assets		1 947 105 353	1 656 317 358
Total assets		3 810 356 690	3 721 952 654
Equity and liabilities			
Equity			
Issued and paid-up capital	(20)	757 479 400	757 479 400
Legal reserve	(21)	294 702 995	260 452 502
Retained earnings	(22)	688 085 124	140 646 840
Total equity		1 740 267 519	1158 578 742
Liabilities			
Non-current liabilities			
Borrowings	(23)	--	177 476 090
Deferred tax liabilities	(9-3)	280 018 664	264 257 505
Lease liabilities	(31)	1 739 258	6 724 129
Notes payable	(24)	1 788 996	4 544 514
Total non-current liabilities		283 546 918	453 002 238
Current liabilities			
Trade and notes payable	(24)	1018 864 857	786 487 577
Credit facilities	(23)	90 074 273	360 644 205
Current income tax liability	(9-2)	215 862 692	192 343 445
Current portion of long term borrowings	(23)	--	163 534 780
Lease liabilities	(31)	9 481 649	6 411 505
Creditors and other credit balances	(27)	296 756 219	288 398 900
Due to related parties	(29)	5 543 349	2 090 485
Dividends payable	(26)	99 229 802	249 968 203
Provisions	(25)	50 729 412	60 492 574
Total current liabilities		1 786 542 253	2 110 371 674
Total Liabilities		2 070 089 171	2 563 373 912
Total equity and liabilities		3 810 356 690	3 721 952 654

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer

Arturo Gallart Mauri
Chief Financial Officer

- Auditor's report attached.

Arabian Cement Company (S.A.E)

Separate Statement of profit and loss

for the year ended December 31, 2023

	Note No.	December 31, 2023 EGP	December 31, 2022 EGP
Sales (net)	(4)	5 933 160 524	4 548 943 979
Cost of sales	(5)	(4 604 994 563)	(3 644 093 851)
Gross profit		**1328 165 961**	**904 850 128**
Add/(deduct):			
General and administrative expenses	(6)	(228 770 879)	(153 804 538)
Provisions	(25)	(13 700 000)	(109 921 013)
Imapairment loss on investments in subsidiaries	(14)	(17 160 843)	--
Imapairment loss on a joint venture	(15)	(125 000)	--
Loss on disposal of property, plant and equipment		(190 053)	--
Bad debts		--	(5 014 471)
Interest income		30 813 502	9 594 736
Other income		12 696 943	104 040 514
Finance costs	(7)	(76 979 253)	(58 079 190)
Foreign currency exchange losses		(115 144 168)	(192 054 056)
Net profit for the year before tax		**919 606 210**	**499 612 110**
Income tax	(9-1)	(231 623 851)	(157 107 183)
Net profit for the year after tax		**687 982 359**	**342 504 927**
Earnings per share	(10)	**1.79**	**0.89**

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer

Arturo Gallart Mauri
Chief Financial Officer

Translation of financial statements
originally issued in Arabic

Arabian Cement Company (S.A.E)
Separate Statement of Comprehensive Income
for the year ended December 31, 2023

	December 31, 2023	December 31, 2022
	EGP	EGP
Net profit for the year after tax	687 982 359	342 504 927
Items of other comprehensive income	--	--
Comprehensive income for the year	**687 982 359**	**342 504 927**

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer

Arturo Gallart Maurl
Chief Financial Officer

Arabian Cement Company (S.A.E)

Separate Statement of Changes in Shareholders' Equity

for the year ended December 31, 2023

	Issued and paid-up capital	Legal reserve	Retained earnings	Total
	EGP	EGP	EGP	EGP
Balance as of January 1, 2022	757 479 400	257 740 154	57 749 903	1072 969 457
Transferred to legal reserve	--	2 712 348	(2 712 348)	--
Total comprehensive income for the year	--	--	342 504 927	342 504 927
Dividends distributed to shareholders	--	--	(249 968 203)	(249 968 203)
Dividends distributed to employees	--	--	(6 927 439)	(6 927 439)
Balance as of December 31, 2022	757 479 400	260 452 502	140 646 840	1158 578 742
Balance as of January 1, 2023	757 479 400	260 452 502	140 646 840	1158 578 742
Transferred to legal reserve	--	34 250 493	(34 250 493)	--
Total comprehensive income for the year	--	--	687 982 359	687 982 359
Dividends distributed to shareholders	--	--	(99 229 802)	(99 229 802)
Dividends distributed to employees	--	--	(7 063 780)	(7 063 780)
Balance as of December 31, 2023	757 479 400	294 702 995	688 085 124	1 740 267 519

- The accompanying notes form an integral part of the 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)

Separate Statement of Cash flow

for the year ended December 31, 2023

	Note No.	December 31, 2023 EGP	December 31, 2022 EGP
Cash flows from operating activities			
Net profit for the year before tax		919 606 210	499 612 110
Adjusted by:			
Finance costs	(7)	76 979 253	58 079 190
Interest income		(30 813 502)	(9 594 736)
Depreciation of property, plant and equipment	(11)	209 302 047	203 285 004
Amortization of intangible assets	(13)	28 156 249	28 156 249
Amortization of right of use assets	(31)	6 891 333	5 487 561
Unrealized foreign currency exchange losses from borrowings		--	69 698 047
Loss on disposal of property, plant and equipment		190 053	--
Imapairment loss on investments in subsidiaries	(14)	17 160 843	--
Imapairment loss on a joint venture	(15)	125 000	--
Provisions	(25)	13 700 000	109 921 013
		1241 297 486	964 644 438
(Increase) in inventories		(361 301 293)	(252 782 721)
(Increase) in debtors and other debit balances		(62 338 212)	(65 756 358)
Decrease in amounts due from related parties		3 795 799	5 391 564
(Increase) in trade receivables		(136 604 624)	(37 079 148)
Increase in trade and notes payables		229 621 762	125 993 153
Increase (decrease) in amounts due to related parties		3 452 864	(8 359 894)
Increase in creditors and other credit balances		8 357 319	112 429 200
Provisions used	(25)	(23 463 162)	(73 866 262)
Cash flows generated from operating activities		902 817 939	770 613 972
Finance costs paid		(75 867 034)	(53 673 411)
Current income tax paid		(187 083 304)	(18 528 949)
Net cash flows generated from operating activities		**639 867 601**	**698 411 612**
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(50 905 051)	(18 787 368)
Payments for assets under construction		(1 735 742)	(690 821)
Interest income received		30 813 502	9 594 736
Net cash flows used in investing activities		**(21 827 291)**	**(9 883 453)**
Cash flows from financing activities			
Net change in borrowings		(341 010 870)	(115 782 865)
Net change in credit facilities		(270 569 932)	120 257 242
Payment of lease liabilities		(9 827 719)	(5 396 501)
Dividends paid*		(249 968 203)	(6 927 439)
Net cash flows used in financing activities		**(871 376 724)**	**(7 849 563)**
Net change in cash and cash equivalents during the year		(253 336 414)	680 678 596
Cash and cash equivalents at the beginning of the year		797 971 564	117 292 968
Cash and cash equivalents at the end of the year	(19)	**544 635 150**	**797 971 564**

Non-cash transactions

*On December 12, 2023, the Ordinary General Assembly of the Company has approved to distribute dividends for the shareholders amounted to EGP 99 229 802 for the results of the year ended December 31, 2022. The approved amount has not been paid as of December 31, 2023 and was excluded from the separate statement of cash flows as a non-cash transaction.

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer

Arturo Gallart Mauri
Chief Financial Officer

1. General information

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

The Company was registered on April 3, 2005, at the Commercial Register under No. 13105 in Cairo, 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 administration office address was changed to 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 products. The Company may carry out other projects or amend its purpose according to the provisions of 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 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 independent 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.

Transportation 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 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 the separate statement of 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 as follows:

Currency table	December 31, 2023		December 31, 2022	
	Average	Year end	Average	Year end
1 USD US Dollar	30.33	30.95	18.99	24.71
1 EUR Euro	32.72	33.96	20.03	26.45

2.4 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 the separate statement of 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).

2.5 Employee benefits

2.5.1 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.

2.5.2 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.

2.6 Taxation

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

2.6.1 Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the separate 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.

2.6.2 Deferred tax

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

2.6.3 Current and deferred tax for the year

Current and deferred tax are recognised as an expense or income in the separate statement of 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.

2.7 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.

2.8 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.

2.9 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 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 2.4 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 the separate statement of profit or loss.

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

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

2.10 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 the separate statement of profit or loss when the asset is derecognized.

Assets	Years
Operating licence	20 years
Electricity contract	10 years

2.11 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 the separate statement of 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 the separate statement of profit or loss.

2.12 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 the separate statement of profit or loss.

2.13 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.

2.14 Financial Instruments

Financial assets and liabilities are recognized when the company becomes a party to the contractual terms of the instrument.

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 the separate statement of 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 the separate statement of 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 the separate statement of profit or loss. Any gain or loss on de-recognition is recognized in the separate statement of 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 the separate statement of profit or loss. Other net gains and losses are recognized in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to the separate statement of profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the separate statement of 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 the separate statement of 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 the separate statement of profit or loss. Any gain or loss on derecognition is also recognized in the separate statement of 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 separate 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 the separate statement of profit or loss.

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the separate 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.

The company measures allowances for expected credit losses for receivables that are disclosed as trade receivables, debtors and other debit balances.

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.

Evidences that a financial asset is credit-impaired include observable data about the following events:

• significant financial difficulty of the debtor.

• a breach of contract, such as default of payment.

• the company, for economic or contractual reasons accepted the debtor repayment schedule that the company would not otherwise consider.

• it is becoming probable that the debtor will enter bankruptcy or other financial reorganization

Presentation of expected credit losses in the separate financial position

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.

Write-off

An entity shall directly reduce the gross carrying amount of a financial asset when the company has no reasonable expectations of recovering the full amount or portion of the financial asset. The Company expects not to recover a significant portion of the written-off amounts. However, the written-off financial assets may still be subject to enforcement activities in order to comply with the company's procedures for recovery of such receivable balances.

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 the separate statement of 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 the separate statement of profit or loss on the basis of effective interest, and this interest income is presented under the line "finance income".

2.15 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.

Lease term

The company shall determine the lease term as the non-cancellable period of a lease with periods covered by an option to extent the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise the option. In assessing whether a lessee is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease.

2.16 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 separate statement of financial position through recognizes the grant as deferred income that is recognized in the separate statement of 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 Revenue recognition

Management takes into account the detailed criteria for recognition of revenue from the sale of goods in accordance with Egyptian Accounting Standard No. (48) "Revenue from contracts with customers", and in particular, whether the Company has transferred to the buyer full control over the sold goods. The additional costs of obtaining a contract with a customer are recognized as an asset if the entity expects to recover those costs, and the costs of fulfilling a contract are recognized as an asset when specific conditions are met.

3.1.2 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 year ended December 31, 2023 amounted to EGP 1 654 495 939 (2022: EGP 1 809 821 676) (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 the separate statement of 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 year ended December 31, 2023, amounted to EGP 163 112 115 (2022: EGP 191 268 364), (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 the separate statement of profit or loss for future periods.

3.2.3 Provisions

The carrying amount of provisions at the end of period ended December 31, 2023 is EGP 50 729 412 (2022: EGP 60 492 574). 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 (net)

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

EGP	December 31, 2023	December 31, 2022
Local		
Sales	3 796 763 233	3 695 486 001
Transportation services	82 820 228	103 058 888
	3 879 583 461	**3 798 544 889**
Export		
Sales	1 622 380 975	667 514 155
Transportation services	431 196 088	82 884 935
	2 053 577 063	**750 399 090**
Total	**5 933 160 524**	**4 548 943 979**

5. Cost of sales

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

EGP	December 31, 2023	December 31, 2022
Raw materials	3 762 838 803	3 097 447 351
Manufacturing depreciation	206 724 915	201 191 677
Amortization of Licenses - intangible assets	28 156 249	28 156 249
Amortization of right of use assets	6 891 333	5 487 561
Transportation costs	388 510 401	158 572 427
Overhead costs	211 872 862	153 238 586
Total	**4 604 994 563**	**3 644 093 851**

6. General and administration expenses

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

EGP	December 31, 2023	December 31, 2022
Professional services	77 316 074	62 934 117
Salaries and wages	74 139 823	37 393 849
Security and cleaning services	2 428 688	1 410 636
Rentals	502 419	131 736
Transportation costs	7 153 216	3 503 839
Advertising	3 401 355	2 221 255
Administrative depreciation	2 577 132	2 093 327
Other expenses	61 252 172	44 115 779
Total	**228 770 879**	**153 804 538**

7. Finance costs

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

EGP	December 31, 2023	December 31, 2022
Loan interest expense	32 100 606	36 391 375
Finance lease	1 296 489	1 057 180
Finance cost of interest expense long term notes payables	933 823	588 878
Credit facilities interest expense	42 648 335	20 041 757
Total	**76 979 253**	**58 079 190**

8. Compensation of key management personnel

EGP	December 31, 2023	December 31, 2022
Board of Directors allowances and salaries	47 142 504	21 690 004
Total	**47 142 504**	**21 690 004**

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

9. Income taxes

9.1 Income tax recognised in the separate statement of profit or loss

EGP	December 31, 2023	December 31, 2022
Current income tax		
Current income tax for the year	215 862 692	192 343 445
Deferred tax		
Deferred tax for the year	15 761 159	(35 236 262)
Total income tax for the year	**231 623 851**	**157 107 183**

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	December 31, 2023	December 31, 2022
Profit before tax	919 606 210	499 612 110
Tax using applicable tax rate 22.5%	206 911 397	112 412 725
Add:		
Effect of reversal of accounting depreciation and amortization	244 349 629	236 928 814
Effect of expenses that are not deductible in determining taxable profit	37 712 975	26 638 332
Effect of provisions/impairments formed that are not deductible in determining taxable profit	30 985 843	109 921 013
Effect of unrealized net foreign exchange losses that are not deductible in determining taxable profit	4 306 656	114 048 772
Less:		
Effect of tax depreciation and amortization that are deductible in determining taxable profit	(108 363 787)	(109 620 346)
Effect of realized net foreign exchange losses that are deductible in determining taxable profit	(168 097 949)	--
Effect of provisions used that are deductible in determining taxable profit	(1 109 835)	(22 668 939)
Taxable income	959 389 742	854 859 756
Current income tax expense for the year	**215 862 692**	**192 343 445**

9.2 Current tax liabilities

EGP	December 31, 2023	December 31, 2022
Current tax liability (note 9.1)	215 862 692	192 343 445
Current tax liabilities	**215 862 692**	**192 343 445**

The average effective tax rate in the year ended 31 December 2023 is 23% (2022: 38.5%).

9.3 Deferred tax liabilities

Deferred tax liabilities arise from the following:

December 31, 2023 EGP	Opening balance	Recognized in profit or loss	Ending balance
(Liabilities)			
Temporary differences			
Depreciation of property, plant and equipment and intangible assets	(264 257 505)	(15 761 159)	(280 018 664)
Net deferred tax liability	**(264 257 505)**	**(15 761 159)**	**(280 018 664)**

December 31, 2022 EGP	Opening balance	Recognized in profit or loss	Ending balance
(Liabilities)			
Temporary differences			
Depreciation of property, plant and equipment and intangible assets	(299 493 767)	35 236 262	(264 257 505)
Net deferred tax liability	**(299 493 767)**	**35 236 262**	**(264 257 505)**

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:

EGP	December 31, 2023	December 31, 2022
Earnings (for basic and diluted earnings per share)		
Net profit for the year	687 982 359	342 504 927
Employees' share in the dividends (note 18)	(10 576 346)	(7 063 780)
Distributable net profit for the year	**677 406 013**	**335 441 147**
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	**1.79**	**0.89**

11. 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	–	4 958 655	10 186 795	1 880 245	41 250	590 702	1 129 721	18 787 368
Transfer From assets under construction	–	–	–	–	–	–	–	–
Balance at December 31, 2022	**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**
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	–	24 060 840	3 518 258	16 177 660	1 479 408	1 130 954	4 537 931	50 905 051
Transferred from assets under construction (Note No. 12)	–	–	–	–	–	3 261 312	–	**3 261 312**
Adjustments	–	–	–	(217 255)	–	–	–	**(217 255)**
Disposals	–	–	(471 930)	–	–	(1 706)	–	**(473 636)**
Balance at December 31, 2023	**50 243 436**	**687 413 257**	**41 180 330**	**2 873 439 469**	**16 590 173**	**307 368 890**	**27 127 103**	**4 003 362 658**

EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software	Total
Accumulated depreciation								
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 expense	–	28 220 507	2 792 990	154 336 097	1 220 097	15 842 083	873 230	**203 285 004**
Balance at December 31, 2022	–	**329 992 464**	**21 627 974**	**1 587 595 726**	**10 785 432**	**168 726 921**	**21 336 993**	**2 140 065 510**
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	–	28 494 758	3 969 625	158 217 273	1 085 842	16 043 259	1 491 290	**209 302 047**
Adjustments	–	–	–	(217 255)	–	–	–	**(217 255)**
Disposals	–	–	(281 877)	–	–	(1 706)	–	**(283 583)**
Balance at December 31, 2023	–	**358 487 222**	**25 315 722**	**1 745 595 744**	**11 871 274**	**184 768 474**	**22 828 283**	**2 348 866 719**
Carrying amount								
At December 31, 2023	**50 243 436**	**328 926 035**	**15 864 608**	**1 127 843 725**	**4 718 899**	**122 600 416**	**4 298 820**	**1 654 495 939**
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**

- The Company is currently in the process of cancelling the first-degree commercial and real estate mortgage with the Commercial International Bank (CIB) (Security Agent).

The depreciation expense for the item of furniture and computers is included in the item of general and administrative expenses, note (6) in the amount of EGP 2 577 132.
The depreciation expense for the remaining assets is included in the cost of sales of note (5) in the amount of EGP 206 724 915.

12. Assets under construction

EGP	December 31, 2023	December 31, 2022
Beginning balance	3 952 133	3 261 312
Additions	1 735 742	690 821
Transferred to fixed assets (Note No. 11)	(3 261 312)	–
Ending balance	**2 426 563**	**3 952 133**

Assets under construction are represented in the following categories:

EGP	December 31, 2023	December 31, 2022
Machinery and equipment	1 735 742	3 261 312
Other installations	690 821	690 821
Total	**2 426 563**	**3 952 133**

13. Intangible assets (net)

EGP	Operating license	Electricity contract	Total
Cost			
Cost as of January 1, 2022	**563 204 713**	**225 200 000**	**788 404 713**
Additions	–	–	–
Cost as of December 31, 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 year	(28 156 249)	–	(28 156 249)
Total accumulated amortization as of December 31, 2022	**(371 936 349)**	**(225 200 000)**	**(597 136 349)**
Cost			
Cost as of January 1, 2023	**563 204 713**	**225 200 000**	**788 404 713**
Cost as of December 31, 2023	**563 204 713**	**225 200 000**	**788 404 713**
Accumulated amortization			
Accumulated amortization as of January 1, 2023	**(371 936 349)**	**(225 200 000)**	**(597 136 349)**
Amortization for the year	(28 156 249)	–	(28 156 249)
Total accumulated amortization as of December 31, 2023	**(400 092 598)**	**(225 200 000)**	**(625 292 598)**
Net book value at December 31,2023	**163 112 115**	–	**163 112 115**
Net book value at 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 February 1, 2011.

14. Investments in subsidiaries

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

Company name	Domicile	Share/ Paid - in capital	December 31, 2023 EGP	December 31, 2022 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	Concrete 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%
			47 476 057	**47 476 057**		
Less: Impairment losses on investment in subsidiaries			(17 160 843)	--		
Net balance			**30 315 214**	**47 476 057**		

15. Investments in a joint venture (net)

Name of joint venture EGP	Place of incorporation	Proportion of ownership interest and voting power held by the company	December 31, 2023 EGP	December 31, 2022 EGP
Andalus Reliance for Mining Company	Egypt	50%	125 000	125 000
Less: Impairment losses on a joint venture			(125 000)	--
Net Balance			--	**125 000**

16. Inventories

EGP	December 31, 2023	December 31, 2022
Raw materials	67 730 295	44 310 142
Fuel	198 647 084	98 497 734
Packing materials	60 632 591	73 001 447
Spare parts	25 988 452	13 965 647
Work in progress	3 078 115	2 574 802
Finished goods	620 797 199	383 222 671
Total	**976 873 736**	**615 572 443**

The cost of inventory charged to cost of sales amount to EGP 3 762 838 803 (note 5).

17. Trade receivables

EGP	December 31, 2023	December 31, 2022
Trade receivables	185 976 365	49 371 741
Total	**185 976 365**	**49 371 741**

Aging of receivables that are past due but not impaired:

EGP	2023	2022
Less than 30 days	185 976 365	49 371 741
Total	**185 976 365**	**49 371 741**

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

18. Debtors and other debit balances (net)

EGP	December 31, 2023	December 31, 2022
Advance to suppliers	146 461 127	148 394 626
Unbilled receivables	19 713 183	--
Withholding tax	17 727 035	5 260 141
Prepaid expenses	17 742 064	7 607 105
Value added tax	2 881 728	2 881 728
Real estate tax	1 572 127	1 572 127
Deposit with others	3 418 453	3 418 453
Employees' dividends in advance	10 576 346	7 063 780
Letters of guarantee – cash margin	8 378 849	2 599 049
Cash imprest	4 275 838	3 935 450
Less: - Impairment losses in debtors	(1 607 808)	(1 607 808)
Total	**231 138 942**	**181 124 651**

19. Cash and bank balances

EGP	December 31, 2023	December 31, 2022
Cash on hand	5 626 062	2 932 427
Current account – local currency	454 198 012	562 644 512
Current account – foreign currency	35 933 804	112 334 157
Bank deposits	48 877 272	120 060 468
Total	**544 635 150**	**797 971 564**

20. Issued and paid-up capital

EGP	December 31, 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**

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	December 31, 2023	December 31, 2022
Beginning balance	**140 646 840**	**57 749 903**
Transferred to legal reserve	(34 250 493)	(2 712 348)
Dividends distributed to shareholders	(99 229 802)	(249 968 203)
Dividends distributed to employees	(7 063 780)	(6 927 439)
Total comprehensive income for the year	687 982 359	342 504 927
Ending balance	**688 085 124**	**140 646 840**

23. Borrowings

	Current		Non-current	
EGP	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
First: Credit facilities				
Credit facilities – CIB	73 528 497	162 164 643	--	--
Credit facilities – NBE	16 545 438	198 479 562	--	--
Credit facilities – EG	338	--	--	--
Total Facilities	**90 074 273**	**360 644 205**	--	--
Second: Borrowings				
Bank loans – CIB	--	56 100 000	--	96 900 000
Bank loans – EBRD	--	107 434 780	--	80 576 090
Total bank Loans	--	**163 534 780**	--	**177 476 090**

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).

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) re-financing 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) re-financing EGP 25 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 with interest rate at CBE Overnight offer rate plus the margin of 0.6% 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 December 31, 2019 and ends on June 30, 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 September 30, 2019.The borrower shall add any buildings to be added to the aforementioned mortgage.
   - 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 April 30, 2019. The management has completed the procedures for change the mortgage into the favour of the bank.
   - Issue irrevocable powers of attorney authorizing the Lender, for itself and on behalf of the lending banks, to conclude and register each of the Mortgages.
   - Endorsement of the Borrower's all-risk insurance policy/policies in favour of the lender for itself and on behalf of the lenders in all assets in no more than (2) weeks from the date of this agreement, covering not less than 110% of the loans extended to the borrower by the lending banks.
   - Not to distribute dividends unless the Borrower is in compliance with all financial covenants pre and post distribution and no occurrence of the event of default would be caused as a result of said distribution.
   - The borrower undertakes that the financial leverage ratio shall not to exceed (2) in the financial year of 2019 and (1.5) thereafter throughout the remaining tenor of the facility.
   - The Borrower undertakes that the debt service ratio "DSR" shall not to fall below (1.3) throughout the tenor of the facility.
   - The Borrower undertakes that the capital expenditures in excess of EGP 100 million 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 2.5 times.
   - 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 December 3, 2018. Under this contract, the Bank agreed to lend the company a sum of not more than USD 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, which is lower. During the month of January 2020, the company obtained a grant of EUR 170,000 in accordance with the loan contract, equivalent to an amount of EGP 3 074 212. 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 separate statement of profit or loss for the remaining useful life of the related asset. (Note 27).

In accordance with the previous contract with the National Bank of Egypt (NBE) dated June 30, 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 separate statement of profit or loss for the remaining useful life of the related asset (Alternative fuel line). (Note 27).

During the year, the Company has fully paid the borrowing balances and the Company is currently in the process of cancelling the above-mentioned Security Agent agreements with Commercial International bank (CIB) and European Bank for Reconstruction and Development (EBRD).

Third: - National Bank of Egypt - NBE

On September 7, 2022, a credit facility contract was signed between the National Bank of Egypt and Arabian Cement Company. Under this agreement, the company was granted credit facilities amounted to EGP 200 million for withdrawal in a debit current account and to open letter of credits 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 EGP 20 million.

The interests and commissions are calculated on interest rate of 1% above the corridor lending rate.

The commitments in the credit facilities 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 December 31, 2023.

- 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	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Local trade payables	279 597 606	476 988 996	--	--
Foreign trade payables	736 511 733	306 432 404	--	--
Notes payable*	2 755 518	3 066 177	1 788 996	4 544 514
Total	**1 018 864 857**	**786 487 577**	**1 788 996**	**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 year amounted to EGP 6 847 553, and these amount have been charged to other general and administrative expenses.

25. Provisions

EGP	Provision for claims
Balance at January 1, 2023	60 492 574
Formed during the year	13 700 000
Used during the year	(23 463 162)
Balance at December 31, 2023	**50 729 412**

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

26. Dividends payable

On December 12, 2023, the Ordinary General Assembly of the Company has approved to distribute dividends for the employees amounted to EGP 7 063 780 for 2022 results and has approved to distribute dividends for the shareholders amounted to EGP 99 229 802 for the results of the period ended December 31, 2022.

In respect of the current year ended December 31, 2023, the Board of Directors proposed dividends to the employees at the annual General Assembly Meeting according to the below table:

EGP	2023
Retained earnings opening balance	**140 646 840**
Total comprehensive income for the year	687 982 359
Transferred to legal reserve	(34 250 493)
Dividends distributed to shareholders	(99 229 802)
Dividends distributed to employees	(7 063 780)
Distributable net profits	**688 085 124**
To be distributed during next year as follows:	
Transferred to legal reserve	(68 798 236)
Dividends to be distributed to employees – note (18)	(10 576 346)
Retained earnings balance	**608 710 542**

27. Creditors and other credit balances

EGP	December 31, 2023	December 31, 2022
Advances from customers	112 670 427	140 124 307
Accrued expenses	29 800 287	21 678 389
Accrued development fees	9 862 067	10 433 957
Accrued customers rebates	97 341 140	74 784 633
Accrued taxes	31 292 927	21 594 146
Accrued interest	--	2 759 721
Deferred Revenue - Grant (note 23)	10 959 070	12 193 446
Retention	4 830 301	4 830 301
Total	**296 756 219**	**288 398 900**

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.

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 2.14 Financial instruments.

28.3 Categories of financial instruments

EGP	December 31, 2023	December 31, 2022
Financial assets (i)		
Cash and bank balances (note 19)	544 635 150	797 971 564
Trade receivables (note 17)	185 976 365	49 371 741
Due from related parties (note 29)	8 481 160	12 276 959
Financial liabilities (ii)		
Borrowings (note 23)	--	341 010 870
Credit facilities (note 23)	90 074 273	360 644 205
Lease liabilities (note 31)	11 220 907	13 135 634
Dividends payable (note 26)	99 229 802	249 968 203
Due to related parties (note 29)	5 543 349	2 090 485
Trade and notes payable (note 24)	1 020 653 853	791 032 091
Creditors and other credit balances (note 27)	296 756 219	288 398 900

(i) A total of EGP 1.2 billion (2022: EGP 796.7 million) of other current assets does not meet the definition of a financial asset.

(ii) A total of EGP 546.6 million (2022: EGP 517 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 28.6 below) and interest rates (Note 28.7).

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 year, in the major currencies in which they are issued.

Borrowings

EGP	December 31, 2023	December 31, 2022
USD	--	188 010 870
Total	--	**188 010 870**

At the end of the reporting year, 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	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Currency-USD	736 240 318	772 208 456	267 028 355	228 318 650
Currency-EUR	238 115	6 570 646	2 397 877	3 529 326
Currency-GBP	--	--	104 553	--

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 Impact	
	December 31, 2023	December 31, 2022
USD - Profit / (loss)	(46 921 196)	(54 388 981)
EURO - Profit / (loss)	215 976	(304 132)
GBP - Profit / (loss)	10 455	--

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 December 31, 2023, would decrease / increase by EGP 1 012 952 (2022: decrease / increase by EGP 7 016 551). 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.

EGP	Due in 1 year		Due more than year and less the 3 years		Due more than 3 years	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Borrowings	--	163 534 780	--	177 476 090	--	--
Lease liabilities	9 481 649	6 411 505	1 739 258	6 724 129	--	--
Trade and notes payables	1 018 864 857	822 872 962	1 788 996	4 544 514	--	--
Credit Facilities	90 074 273	360 644 205	--	--	--	--
Current income tax liability	215 862 692	192 343 445	--	--	--	--
Due to related parties	5 543 349	2 090 485	--	--	--	--
Dividends payable	99 229 802	249 968 203	--	--	--	--
Creditors and other credit balances	296 756 219	288 398 900	--	--	--	--

28.10 Fair value measurement

Fair value is the price that would be received from any sale of any asset or any payment against any liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the assumption that the transaction to sell the asset or pay the liability takes place either:

- In the asset's or liability's primary market; or
- In the absence of a primary market, in the most beneficial market for the asset or liability.

The Company should be able to have access to the principal market or the most advantageous market. In the absence of principal market, the Company does not need to conduct a thorough search of all possible markets to determine the principal or the most advantageous market. However, the Group takes into consideration all information reasonably available.

The Company has no financial assets or liabilities at fair value in the separate financial statements as at December 31, 2023.

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:

			Volume of the transactions	
EGP	Relation type	Transaction nature	December 31, 2023	December 31, 2022
Andalus Concrete Company	Subsidiary	Sales	11 007 916	25 413 031
ACC for Management and Trading Company	Subsidiary	Services	100 354 328	74 368 763
Evolve Investment & Projects Management Company	Subsidiary	Purchases	38 414 055	22 779 853
Cementos La Union-Spain company	Subsidiary of the parent Company	Services	5 103 611	4 126 902
Cementos La Union-Spain company	Subsidiary of the parent Company	Sales	--	37 372 288
Andalus Reliance for Mining Company	Joint Venture	Purchases	--	23 576 036

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

EGP	Due from related parties		Due to related parties	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Andalus Concrete Company	5 826 297	6 932 654	--	--
Evolve Investment & Projects Management Company	--	--	5 543 349	2 090 485
ACC for Management and Trading Company	2 559 495	5 268 165	--	--
Cementos La Union – Spain Company	95 368	76 140	--	--
Total	**8 481 160**	**12 276 959**	**5 543 349**	**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 Investment & Projects Management Company supplied the raw materials for Arabian Cement Company.

30. Contingent liability

Contingent liabilities during the year amounted to USD 2 750 000, which is represented by the value of letters of guarantee issued by the Commercial International Bank.

31. Lease

31.1 Right of use assets

EGP	Land and buildings	Total
Cost		
Cost as of January 1, 2023	**23 415 587**	**23 415 587**
Additions during period	7 400 643	7 400 643
Disposals	(928 837)	(928 837)
Cost as of December 31, 2023	**29 887 393**	**29 887 393**
Less: - Accumulated amortization		
Accumulated amortization as of January 1, 2023	10 423 521	10 423 521
Amortization for the year	6 891 333	6 891 333
Accumulated amortization for disposals	(328 967)	(328 967)
Total accumulated amortization as of December 31, 2023	**16 985 887**	**16 985 887**
Net book value at December 31, 2023	**12 901 506**	**12 901 506**
Net book value at December 31, 2022	**12 992 066**	**12 992 066**

The interest rate used for the opening balances is 13.75% and the interest rate use for the additions during the year is 21.29%. The lease terms between 2 and 5 years.

31.2 Financial lease liabilities

Financial lease liability recognized in the separate statement of financial position.

	Current		Non-current	
EGP	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
lease liabilities	9 481 649	6 411 505	1 739 258	6 724 129
Total	**9 481 649**	**6 411 505**	**1 739 258**	**6 724 129**

The movement for the lease liabilities during the year is analyzed as follows:

Amount EGP	December 31, 2023	December 31, 2022
Beginning balance	**13 135 634**	16 546 118
Additions	7 400 643	928 837
Disposals	(784 140)	--
Interest expenses	1 296 489	1 057 180
Payment during the year	(9 827 719)	(5 396 501)
Ending Balance	**11 220 907**	**13 135 634**

32. Capital Commitments

The capital commitment for the year ended December 31, 2023, amounted to EGP 161 342 681.

33. 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.

Years from 2006 till 2016

The Company's books for these years have been inspected by the Tax Authority and the Company have paid and settled the due taxes.

Years from 2017 till 2019

The Company's books for these years have been inspected by the Tax Authority and the Company have paid the base amount for the due taxes and the Company is currently clearing with the Tax Authority the late interest due amounts.

Years from 2020 till 2022

The Company has submitted the tax return on the due date and the Tax Authority has not yet inspected the Company's books for these years.

Value added tax / Sales tax

For the period from inception till December 31, 2020

The Company's books for this period have been inspected by the Tax Authority and the Company have paid and settled the due taxes.

2021 and 2022

The Company has submitted the tax return on the due date and the Tax Authority has not yet inspected the Company's books for these years.

Stamp tax

For the period from inception till December 31, 2019

The Company's books for this period have been inspected by the Tax Authority and the Company have paid and settled the due taxes.

From 2020 to 2022

The Tax Authority has not yet inspected the Company's books for these years.

Payroll tax

For the period from inception till December 31, 2020

The Company's books for this period have been inspected by the Tax Authority and the Company have paid and settled the due taxes except for the due late interest for the years from 2015 till 2020.

2021 and 2022

The Company is currently preparing the required documents for the payroll tax inspection for these years.

Real estate tax

The value of the real estate tax claims until 2020 on the company's factory in Suez amounted to EGP 5 427 873, and the company has paid EGP 7 million, with a remaining debit balance mounted to 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 262 500 for the years 2020/2023 and the Company has accepted the inspection results.

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 December 2023.

Withholding Tax

- The company was inspected for the years from 2013 till 2016 and the due taxes have been paid.
- The company pay the withholding tax amounts on a regular basis every 3 months.

34. Significant Events during the current year

- 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:	Management decided not to apply the fair value model option stated in the standard.	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

	- Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - 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"		revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.
Egyptian Accounting Standard No. (34) amended 2023 "Investment property".	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: - 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"	The standard has no impact on the separate financial statements	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.

Egyptian Accounting Standard No. (36) amended 2023" Exploration for and Evaluation of Mineral Resources"	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.	The standard has no impact on the separate financial statements	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.
Egyptian Accounting Standard No. (35) amended 2023 "Agriculture"	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 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.	The standard has no impact on the separate financial statements.	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.

Egyptian Accounting Standard No. (50)"Insurance Contracts"	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. 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. 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). 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: - Egyptian Accounting Standard No. (10) "Fixed Assets ". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) " Investment property".	Management is currently evaluating the potential impact on the separate financial statements from the application of the standard.	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

35. Significant subsequent events to the date of the separate financial statements

The Monetary Policy Committee of the Central Bank of Egypt decided at its meeting on February 1, 2024, to increase the overnight deposit and lending rates and the central bank's main operation rate by 200 basis points to reach 21.25%, 22.25% and 21.75%, respectively. The discount rate was also increased by 200 basis points to 21.75%.

36. Comparative figures

Certain comparative figures of prior year have been reclassified to comply with the current years' presentation.

37. Approval of separate financial statements

The separate financial statements were approved by the directors and authorized for issue on February 28, 2024.

Sergio Alcantarilla Rodriguez	**Arturo Gallart Mauri**
Chief Executive Officer	Chief Financial Officer