

Arabian Cement Company S.A.E.

**Condensed consolidated interim financial statements Together with limited
review's report**

For the three months ended March 31, 2022

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Limited Review Report

For the Condensed Consolidated Interim Financial Statements

To: The Board of Directors of Arabian Cement Company

An Egyptian Joint Stock Company

Introduction

We have conducted our limited review for the accompanying condensed consolidated interim financial position of Arabian Cement Company - An Egyptian Joint Stock Company - as of March 31, 2022 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with Egyptian Accounting Standard No. (30) - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed consolidated interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Cairo, May 19, 2022

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Farid Samir Farid, CPA
F.R.A. No. (210)
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Arabian Cement Company S.A.E.
Condensed consolidated statement of financial position
At March 31, 2022

EGP	Notes	March 31, 2022	December 31, 2021
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	10	1 969 511 268	2 019 945 189
Assets under construction	11	3 261 312	3 261 312
Intangible assets	12	212 481 977	219 424 613
Right of use	26-1	16 193 412	17 631 358
Investments in a joint venture	13	2 571 161	2 523 361
TOTAL NON-CURRENT ASSETS		2 204 019 130	2 262 785 833
CURRENT ASSETS			
Inventories	14	306 324 619	369 730 638
Trade receivables	15	40 237 402	58 876 151
Debtors and other debit balances (net)	16	268 210 918	153 272 743
Due from related parties	25	36 585 551	--
Cash and bank balances	17	260 495 351	128 250 456
TOTAL CURRENT ASSETS		911 853 841	710 129 988
TOTAL ASSETS		3 115 872 971	2 972 915 821

- Limited review report is attached

Arabian Cement Company S.A.E.
Consolidated statement of financial position
At March 31, 2022

EGP	Notes	March 31, 2022	December 31, 2021
EQUITY			
CAPITAL AND RESERVES			
Issued and paid-up capital	18	757 479 400	757 479 400
Legal reserve	19	260 543 120	257 830 772
Retained earnings		94 836 422	45 625 489
Equity attributable to owners of the Parent Company		1 112 858 942	1 060 935 661
Non-controlling interests	20	41 582	38 681
TOTAL EQUITY		1 112 900 524	1 060 974 342
NON-CURRENT LIABILITIES			
Borrowings	21	259 858 698	272 760 907
Deferred tax liabilities	8.3	296 384 805	301 472 827
Notes Payables	22	6 813 497	7 610 691
Lease liability	26-2	6 361 561	6 979 776
TOTAL NON-CURRENT LIABILITIES		569 418 561	588 824 201
CURRENT LIABILITIES			
Trade and notes payable	22	644 347 979	693 703 628
Credit facilities	21	40 155 699	240 386 963
Current income tax payable	8.2	100 417 486	43 280 867
Current portion of long-term borrowings	21	128 189 129	114 334 781
Creditors and other credit balances	24	456 230 275	184 254 394
Finance leasing	26-2	9 916 454	9 566 342
Due to related parties	25	2 786 534	11 792 907
Provisions	23	51 510 330	25 797 396
TOTAL CURRENT LIABILITIES		1 433 553 886	1 323 117 278
TOTAL LIABILITIES		2 002 972 447	1 911 941 479
TOTAL EQUITY AND LIABILITIES		3 115 872 971	2 972 915 821

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.
Condensed consolidated statement of profit or loss
For the three months ended March 31, 2022

EGP	Notes	March 31, 2022	March 31, 2021
Sales revenue	3	1 061 025 317	432 441 815
Cost of sales	4	(829 975 470)	(402 310 428)
GROSS PROFIT		231 049 847	30 131 387
General and administration expenses	5	(23 873 733)	(17 084 012)
Provisions	23	(46 637 423)	(417 736)
Interest income		213 464	153 391
Other income		15 690 455	3 390 860
Finance costs	6	(14 485 898)	(17 804 475)
Share of profit of a joint venture		47 802	10 252
Foreign currency exchange gain differences		(51 102 296)	843 183
PROFIT / (LOSS) FOR THE PERIOD BEFORE TAX		110 902 218	(777 150)
Income tax expense	8.1	(52 048 596)	(5 555 846)
PROFIT / (LOSS) FOR THE PERIOD AFTER TAX		58 853 622	(6 332 996)
Profit attributable to:			
Owners of the Parent Company		58 850 721	(6 334 265)
Non-controlling interests	20	2 901	1 269
		58 853 622	(6 332 996)
Earnings / (Losses) per share (Basic and diluted)			
Basic and diluted (EGP / Share)	9	0.15	(0.02)

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.
 Condensed consolidated statement of comprehensive income
 For the three months ended March 31, 2022

EGP	Notes	March 31, 2022	March 31, 2021
PROFIT / LOSS FOR THE PERIOD, NET OF INCOME TAX		58 853 622	(6 332 996)
OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX		--	--
TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX		--	--
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		58 853 622	(6 332 996)
Total comprehensive income attributable to:			
Owners of the Parent Company		58 850 721	(6 334 265)
Non-controlling interests	20	2 901	1 269
		58 853 622	(6 332 996)

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.
 Condensed consolidated statement of changes in equity
 For the three months ended March 31, 2022

EGP	Issued Capital	Legal reserve	Retained earnings	Attributable to owners of the Mother Company	Non-controlling interests	Total
Balance at January 1, 2021	757 479 400	257 830 772	18 551 721	1 033 861 893	31 108	1 033 893 001
Dividend distribution	--	--	(7 108 042)	(7 108 042)	--	(7 108 042)
Total comprehensive income for the period after income tax	--	--	(6 334 265)	(6 334 265)	1 269	(6 332 996)
Balance at March 31, 2021	757 479 400	257 830 772	5 109 414	1 020 419 586	32 377	1 020 451 963
Balance at January 1, 2022	757 479 400	257 830 772	45 625 489	1 060 935 661	38 681	1 060 974 342
Transfer to legal reserve	--	2 712 348	(2 712 348)	--	--	--
Dividend distribution	--	--	(6 927 440)	(6 927 440)	--	(6 927 440)
Total comprehensive income for the period after income tax	--	--	58 850 721	58 850 721	2 901	58 853 622
Balance at March 31, 2022	757 479 400	260 543 120	94 836 422	1 112 858 942	41 582	1 112 900 524

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer

Arabian Cement Company S.A.E.
Condensed consolidated statement of cash flows
For the three months ended March 31, 2022

EGP	Notes	March 31, 2022	March 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / Loss for the period		110 902 218	(777 150)
Adjusted by:			
Finance costs recognized in profit or loss	6	14 485 898	17 804 475
Interest income		(213 464)	(153 391)
Share of profit of a joint venture		(47 800)	(10 252)
Depreciation of property, plant and equipment	10	51 234 204	51 576 151
Amortization of intangible assets	12	6 942 636	9 620 445
Amortization of right of use	26-1	1 437 946	241 722
Unrealized Foreign exchange losses / (gains) differences		28 260 869	(456 522)
Provisions formed	23	46 637 423	417 736
Decrease in inventories		63 406 019	44 451 621
(Increase) in debtors and other debit balances		(114 938 175)	(14 061 607)
Decrease / (increase) in trade receivables		18 638 749	(1 099 431)
(Increase) in due from related parties		(36 585 551)	--
Increase / (decrease) in creditors and other credit balances		271 909 646	(39 006 973)
(Decrease) in trade payables		(50 152 843)	(43 689 029)
(Decrease) / increase in due to related parties		(9 006 373)	1 009 115
Provisions used		(20 924 489)	--
Cash generated by operations		381 986 913	25 866 910
Interest paid		(14 069 527)	(18 005 333)
Net cash generated by operating activities		367 917 386	7 861 577

Arabian Cement Company S.A.E.
 Consolidated statement of cash flows
 For the three months ended March 31, 2022

EGP	Notes	March 31, 2022	March 31, 2021
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment	10	(800 283)	(1 145 966)
Interest income		213 464	153 391
Cash (used in) investing activities		(586 819)	(992 575)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(27 308 730)	(22 241 304)
(Payment) / proceed from credit facilities		(200 231 264)	32 437 586
Repayment of finance lease		(618 238)	(194 444)
Paid dividends		(6 927 440)	--
Repayment of other liabilities		--	(769 250)
Cash (used in) generated by financing activities		(235 085 672)	9 232 588
Increase in cash and cash equivalents		132 244 895	16 101 590
Cash and cash equivalents at the beginning of the period		128 250 456	67 032 927
Cash and cash equivalents at the end of the period	17	260 495 351	83 134 517

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer

1. The Company's general information

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

The Company was registered at the Commercial Register under No. 13105 in Cairo on April 3, 2005, which was changed to No. 53445 on August 16, 2011 as the Company changed its registered office from 72 Gameat El Dowal Street, Mohandiseen, Giza- Egypt to be Villa 56 El Gihaz Street, Fifth Settlement, New Cairo, Egypt. The admin office changed to be on Gamal Abdel Nasser square (west Arabella), Fifth Settlement Arabella Plaza, Office Building (A), 5th floor.

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

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

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

The principal activities of the Company and its subsidiaries (the Group) are as follows:

Arabian Cement Company: a cement producer with a clinker capacity of 4.2 million tons per annum that can produce 5 million tons per annum of cement.

Andalus Concrete Company: a producer of concrete products and other constructions materials. The company owns 99.99% of the issued and paid up capital of Andalus Concrete Company.

ACC Management and Trading Company: providing managerial restructuring services for companies, transportation of goods, projects management, general trading and preparation of feasibility studies. The Company owns 99% of the issued and paid up capital of ACC Management and Trading Company.

Evolve for Investment and Project Management Principal Activities is Alternative Fuel - Construct and operate factories for recycling. The Company owns 99.99% of the issued and paid up capital of Evolve for Investment and Project Management.

Egypt Green for environmental services, clean energy production and development: establishment and operate factory for recycle for the wastes of production and services activity. The Company owns 99.99% of the issued and paid up capital of Egypt Green.

The condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on May 19, 2022.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) No. (30) Interim financial reporting. These condensed consolidated interim financial statements do not include all the information required in the preparation of the full set annual consolidated financial statements and must be read in conjunction with the annual consolidated financial statements as of December 31, 2021.

2.2 Basis of preparation

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

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

The principal accounting policies are set out below.

2.3 Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Parent Company and entities controlled by the Parent Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of a group entity to bring its accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Sales revenue

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

EGP	March 31, 2022	March 31, 2021
Local sales	916 357 226	378 534 153
Export sales	80 000 357	33 948 765
Services	64 667 734	19 958 897
TOTAL	1 061 025 317	432 441 815

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4. Cost of sales

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

EGP	March 31, 2022	March 31, 2021
Raw materials	657 636 752	285 305 462
Manufacturing depreciation	50 642 943	51 013 741
Amortization of intangible assets	6 942 636	9 620 445
Amortization of right of use	1 437 951	241 722
Transportation cost	51 794 752	9 283 850
Overhead cost	61 520 436	46 845 208
TOTAL	829 975 470	402 310 428

5. General and administration expenses

An analysis of the Group's General and administration expenses for the period is as follows:

EGP	March 31, 2022	March 31, 2021
Professional fees	4 010 070	3 839 714
Salaries and wages	7 949 583	6 797 050
Security and cleaning services	258 046	235 515
Rentals	18 881	464 811
Transportation	556 037	230 545
Advertising	706 050	813 850
Administration depreciations	591 261	562 410
Other expenses	9 783 805	4 140 117
TOTAL	23 873 733	17 084 012

6. Finance costs

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

EGP	March 31, 2022	March 31, 2021
Loan interest expense	7 730 629	9 226 603
Electricity agreement interest expense	--	572 750
Finance lease	352 164	22 825
Credit facilities interest expense	6 289 985	7 472 722
Other finance cost	113 120	509 575
TOTAL	14 485 898	17 804 475

7. Compensation of key management personnel *

An analysis of the Group's compensation of key management personnel for the period is as follows:

EGP	March 31, 2022	March 31, 2021
Board of directors allowance	2 039 904	2 042 070
Board of directors salaries	2 455 440	2 458 040
TOTAL	4 495 344	4 500 110

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

8. Income taxes

8.1 Income tax expense recognised in profit or loss

EGP	March 31, 2022	March 31, 2021
CURRENT TAX		
Current tax expense for the current period	57 136 618	9 629 453
DEFERRED TAX		
Net deferred tax recognized in the current period	(5 088 022)	(4 073 607)
TOTAL INCOME TAX EXPENSE RECOGNIZED IN THE CURRENT PERIOD	52 048 596	5 555 846

8.2 Current tax liabilities

EGP	March 31, 2022	December 31, 2021
Current tax liabilities	100 417 486	43 280 867
CURRENT TAX LIABILITIES	100 417 486	43 280 867

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

31 March 2022	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	301 472 827	(5 088 022)	296 384 805
NET DEFERRED TAX LIABILITY	301 472 827	(5 088 022)	296 384 805
31 December 2021			
EGP			
(LIABILITIES)			
<i>Temporary differences</i>			
Property, plant & equipment	323 765 007	(22 292 180)	301 472 827
NET DEFERRED TAX LIABILITY	323 765 007	(22 292 180)	301 472 827

9. Earnings per share

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

EGP	March 31, 2022	March 31, 2021
EARNINGS / LOSSES (for basic and diluted earnings per share)		
Profit / Loss for the period attributable to owners of the parent	58 850 721	(6 334 265)
Employees share in distributable profits	(1 689 337)	(1 782 152)
Distributable profit / Loss for the period	57 161 384	(8 116 417)
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 / LOSSES PER SHARE	0.15	(0.02)

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10. Property, plant and equipment

EGP	Freehold land	Buildings	Machinery and equipment	Vehicles	Furniture, fixtures and office equipment	Other installations	Computer and software	Total
COST								
Balance at January 1, 2021	50 243 436	636 361 640	2 875 171 703	46 283 623	15 765 021	303 179 492	21 679 132	3 948 684 047
Additions	--	430 253	62 290	371 563	--	216 000	65 860	1 145 966
Transfer from PUC	--	--	1 236 682	--	--	--	--	1 236 682
Balance at March 31, 2021	50 243 436	636 791 893	2 876 470 675	46 655 186	15 765 021	303 395 492	21 744 992	3 951 066 695
Balance at January 1, 2022	50 243 436	662 066 259	2 882 498 314	47 674 756	15 836 471	303 432 827	22 362 299	3 984 114 362
Additions	--	--	112 597	150 546	--	--	537 140	800 283
Balance at March 31, 2022	50 243 436	662 066 259	2 882 610 911	47 825 302	15 836 471	303 432 827	22 899 439	3 984 914 645
ACCUMULATED DEPRECIATION								
Balance at January 1, 2021	--	264 074 326	1 287 635 013	28 141 018	8 727 368	137 353 393	20 749 262	1 746 680 380
Depreciation expense	--	7 052 053	38 595 177	1 247 659	384 642	4 116 181	180 439	51 576 151
Balance at March 31, 2021	--	271 126 379	1 326 230 190	29 388 677	9 112 010	141 469 574	20 929 701	1 798 256 531
Balance at January 1, 2022	--	302 016 098	1 444 187 878	32 508 527	10 209 528	153 874 930	21 372 212	1 964 169 173
Depreciation expense	--	6 970 329	38 680 893	1 067 248	326 267	3 921 801	267 666	51 234 204
Balance at March 31, 2022	--	308 986 427	1 482 868 771	33 575 775	10 535 795	157 796 731	21 639 878	2 015 403 377
CARRYING AMOUNT								
At March 31, 2022	50 243 436	353 079 832	1 399 742 140	14 249 527	5 300 676	145 636 096	1 259 562	1 969 511 268
At March 31, 2021	50 243 436	365 665 514	1 550 240 485	17 266 509	6 653 011	161 925 918	815 291	2 152 810 164
At December 31, 2021	50 243 436	360 050 161	1 438 310 436	15 166 229	5 626 943	149 557 897	990 087	2 019 945 189

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

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

11. Assets under construction

EGP	March 31, 2022	December 31, 2021
Balance as of January 1	3 261 312	7 800 244
Transfer to fixed assets	--	(3 427 052)
Adjustment	--	(1 111 880)
Total	3 261 312	3 261 312
Projects under construction are represented in the following categories:		
Machinery and equipment	3 261 312	3 261 312
TOTAL	3 261 312	3 261 312

12. Intangible assets

EGP	Operating license	Electricity contract	Total
Cost			
Cost as of January 1, 2022	563 204 713	225 200 000	788 404 713
Additions during period	--	--	--
Cost as of March 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 period	(6 942 636)	--	(6 942 636)
Total accumulated amortization as of March 31, 2022	(350 722 736)	(225 200 000)	(575 922 736)
Net book value March 31,2022	212 481 977	--	212 481 977
Net book value December 31,2021	219 424 613	--	219 424 613

Operating license

As per the country's policies to obtain a license for the cement factory, the General Industrial Development Association approved the issuing of a license to the company on May 21, 2008 in the amount to EGP 2 814 million for the 1st production line with related liability on the company to pay 15% as an advance payment and the residual amount will be paid over 5 equal annual instalments after 1 year from starting production with a maximum of 18 months according to interest rate determined by Central Bank of Egypt (CBE).

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

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

Electricity contract

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

15% advance payment equivalent to EGP 32.58 million.

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

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

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

13. Investments in a joint venture

Details of the Group's associates at the end of the reporting period are as follows:

Name of associate	Place of incorporation	Proportion of ownership interest and voting power held by the Group	EGP	
			March 31, 2022	December 31, 2021
Andalus Reliance for Mining Company	Egypt	50%	2 571 161	2 523 361
TOTAL			2 571 161	2 523 361

14. Inventories

EGP	March 31, 2022	December 31, 2021
Raw materials	71 255 882	63 516 280
Packing materials	9 649 557	7 133 235
Spare parts	13 374 567	12 382 290
Work in progress	3 111 855	2 230 592
Finished goods	208 932 758	284 468 241
TOTAL	306 324 619	369 730 638

15. Trade receivables

EGP	March 31, 2022	December 31, 2021
Trade receivables	42 750 122	61 388 871
Less:- Expected credit loss	(2 512 720)	(2 512 720)
TOTAL	40 237 402	58 876 151

16. Debtors and other debit balances

EGP	March 31, 2022	December 31, 2021
Advance payments to suppliers	143 443 751	22 100 397
Withholding tax	33 013 630	30 039 410
Deposit held with others	79 316 179	79 568 635
Value added tax	--	6 782 626
Real state tax	1 572 127	1 572 127
Employees dividends in advance	1 689 337	6 927 441
Letters of guarantee – cash margin	2 599 050	1 868 851
Cash imprest	4 182 172	4 310 664
Other debit balances	4 590 762	2 298 682
Less : Expected credit loss	(2 196 090)	(2 196 090)
TOTAL	268 210 918	153 272 743

17. Cash and bank balances

EGP	March 31, 2022	December 31, 2021
Cash on hand	3 157 839	2 074 616
Current account – local currency	32 959 878	41 090 674
Current account – foreign currency	95 803 072	9 699 527
Bank deposits	128 574 562	75 385 639
Total	260 495 351	128 250 456

18. Capital

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

19. Legal reserve

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

Description	%
Arabian Cement Company	10%
Andalus Concrete Company	10%
ACC for Management and Trading Company	5%

20. Non-controlling interests

EGP	March 31, 2022	December 31, 2021
Balance at beginning of period	38 681	31 108
Profit attributable to Non-controlling interest	2 901	7 573
Balance at end of period	41 582	38 681

21. Borrowings

EGP	Current		Non-current	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
First: Credit facilities				
Credit facilities – CIB	40 155 699	240 386 963	--	--
Total Facilities	40 155 699	240 386 963	--	--
Second: Bank loans				
Bank loans - CIB	48 450 000	45 900 000	140 250 000	153 000 000
Bank loans - EBRD	79 739 129	68 434 781	119 608 698	119 760 907
Total bank Loans	128 189 129	114 334 781	259 858 698	272 760 907

22. Trade and notes payable

EGP	Current		Non-current	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Local trade payables	385 162 404	418 976 540	--	--
Foreign trade payables	255 864 138	271 315 966	--	--
Notes payable	3 321 437	3 411 122	6 813 497	7 610 691
Total	644 347 979	693 703 628	6 813 497	7 610 691

23. Provision for claims

EGP	
Balance at January 1, 2022	25 797 396
Additional provisions recognized	46 637 423
Provisions used during the period	(20 924 489)
Balance at March 31, 2022	51 510 330

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

24. Creditors and other credit balances

EGP	March 31, 2022	December 31, 2021
Advances from customers	338 899 651	67 954 027
Accrued development fees	11 496 894	11 290 171
Accrued customers rebates	23 643 995	54 422 249
Accrued expenses	13 846 221	12 544 736
Retention	5 096 332	5 096 330
Accrued interest	1 493 579	1 427 344
Accrued taxes	45 918 262	14 438 738
Deferred revenue – Grant	12 988 374	13 240 502
Others	2 846 967	3 840 297
TOTAL	456 230 275	184 254 394

25. Related party transactions

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

EGP	Nature of relationship	Nature of transaction	Amount of transaction	
			March 31, 2022	March 31, 2021
Andalus Reliance for Mining Company	Joint Venture	Purchases	7 360 196	3 908 200
Cementos La Union – Spain Company	Subsidiary of the parent	Services	8 399 650	--
		Sales	29 987 534	--

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

EGP	Due from related parties		Due to related parties	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
Cementos la Union – Spain Company	36 585 551	--	--	2 229 273
Andalus Reliance for Mining Company	--	--	2 786 534	9 563 634
Total	36 585 551	--	2 786 534	11 792 907

26. Lease contract

26.1 Right of Use

EGP	Land & Buildings	Machinery & Equipment	Total
<u>Cost</u>			
Cost as of January 1, 2022	22 486 750	16 900 557	39 387 307
Additions during period	--	--	--
Cost as of March 31, 2021	22 486 750	16 900 557	39 387 307
<u>Less:- Accumulated amortization</u>			
Accumulated amortization as of January 1, 2022	4 935 960	16 819 989	21 755 949
Amortization for the period	1 357 378	80 568	1 437 946
Total accumulated amortization as of March 31, 2022	6 293 338	16 900 557	23 193 895
Net book value March 31, 2022	16 193 412	--	16 193 412
Net book value December 31, 2021	17 550 790	80 568	17 631 358

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

26.2 Financial lease liability.

Financial lease liability recognized in the statement of financial position

EGP	Current		Non-current	
	March 31, 2022	December 31, 2021	March 31, 2022	December 31, 2021
lease liability	9 916 454	9 566 342	6 361 561	6 979 776
TOTAL	9 916 454	9 566 342	6 361 561	6 979 776

* The lease interest cost during period amounted to EGP 352 164 (refer to note 6)

Amount EGP	March 31, 2022	December 31, 2021
Beginning balance	16 546 118	915 298
Additions	--	19 998 237
Interest expenses	352 164	2 546 832
Repayment of finance leasing	(618 238)	(6 914 249)
Ending Balances	16 280 044	16 546 118

27. Significant Events during the current period

The Monetary Policy Committee decided in its exception meeting on Monday, March 21, 2022, to increase the Central Bank of Egypt's (CBE) overnight deposit rate, overnight lending rate, and the rate of the main operation by 100 main point to be 9.25%, 10.25%, and 9.75%, respectively. The discount rate was also increased by 100 main point to be 9.75%.

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

28. Significant Events during the Subsequent period

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer



Salvador Cabañas Lopez

Chief Financial Officer

