

# Arabian Cement Company S.A.E.

Condensed consolidated interim financial statements

Together with limited review report

For the nine months ended September 30, 2022

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## Arabian Cement Company (condensed consolidated interim financial statements)

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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 September 30, 2022 and the related condensed consolidated interim statements of profits or losses, comprehensive income, changes in equity and cash flows for the nine 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, November 21, 2022

  
Farid Samir Farid, CPA

F.R.A. No. (210)

R.A.A. 8739



Arabian Cement Company S.A.E.

Condensed consolidated interim statement of financial position as of September 30, 2022

| EGP                                    | Notes | September 30, 2022   | December 31, 2021    |
|--|-------|----------------------|----------------------|
| <b>ASSETS</b>                          |       |                      |                      |
| <b>NON-CURRENT ASSETS</b>              |       |                      |                      |
| Property, plant and equipment          | 10    | 1 881 943 227        | 2 019 945 189        |
| Assets under construction              | 11    | 4 207 809            | 3 261 312            |
| Intangible assets                      | 12    | 198 365 282          | 219 424 613          |
| Right of use assets                    | 26.1  | 13 478 659           | 17 631 358           |
| Investments in a joint venture         | 13    | 2 612 831            | 2 523 361            |
| <b>TOTAL NON-CURRENT ASSETS</b>        |       | <b>2 100 607 808</b> | <b>2 262 785 833</b> |
| <b>CURRENT ASSETS</b>                  |       |                      |                      |
| Inventories                            | 14    | 658 647 144          | 369 730 638          |
| Trade receivables                      | 15    | 333 124 121          | 58 876 151           |
| Debtors and other debit balances (Net) | 16    | 445 016 957          | 153 272 743          |
| Due from related parties               | 25    | 57 382               | --                   |
| Cash and bank balances                 | 17    | 247 961 960          | 128 250 456          |
| <b>TOTAL CURRENT ASSETS</b>            |       | <b>1 684 807 564</b> | <b>710 129 988</b>   |
| <b>TOTAL ASSETS</b>                    |       | <b>3 785 415 372</b> | <b>2 972 915 821</b> |

Arabian Cement Company S.A.E.  
Condensed consolidated interim statement of financial position at September 30, 2022

| EGP  | Notes | September 30, 2022   | December 31, 2021    |
|--|-------|----------------------|----------------------|
| <b>EQUITY</b>  |       |                      |                      |
| <b>CAPITAL AND RESERVES</b>                                |       |                      |                      |
| Issued and paid-up capital                                 | 18    | 757 479 400          | 757 479 400          |
| Legal reserve  | 19    | 260 543 120          | 257 830 772          |
| Retained earnings  |       | 298 230 767          | 45 625 489           |
| <b>Equity attributable to owners of the Parent Company</b> |       | <b>1 316 253 287</b> | <b>1 060 935 661</b> |
| Non-controlling Interests                                  | 20    | 58 692               | 38 681               |
| <b>TOTAL EQUITY</b>  |       | <b>1 316 311 979</b> | <b>1 060 974 342</b> |
| <b>NON-CURRENT LIABILITIES</b>                             |       |                      |                      |
| Borrowings   | 21    | 197 286 959          | 272 760 907          |
| Deferred tax liabilities                                   | 8.3   | 271 793 857          | 301 472 827          |
| Notes Payable  | 22    | 4 544 514            | 7 610 691            |
| Finance leasing  | 26.2  | 5 929 800            | 6 979 776            |
| <b>TOTAL NON-CURRENT LIABILITIES</b>                       |       | <b>479 555 130</b>   | <b>588 824 201</b>   |
| <b>CURRENT LIABILITIES</b>                                 |       |                      |                      |
| Trade and notes payables                                   | 22    | 1 123 150 569        | 693 703 628          |
| Credit facilities  | 21    | 341 478 078          | 240 386 963          |
| Current income tax payable                                 | 2-8   | 129 417 480          | 43 280 867           |
| Current portion of long-term borrowings                    | 21    | 138 636 955          | 114 334 781          |
| Creditors and other credit balances                        | 24    | 191 620 901          | 184 254 394          |
| Finance leasing  | 2-26  | 10 246 735           | 9 566 342            |
| Due to related parties                                     | 25    | 662 499              | 11 792 907           |
| Provisions   | 23    | 54 335 046           | 25 797 396           |
| <b>TOTAL CURRENT LIABILITIES</b>                           |       | <b>1 989 548 263</b> | <b>1 323 117 278</b> |
| <b>TOTAL LIABILITIES</b>                                   |       | <b>2 469 103 393</b> | <b>1 911 941 479</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>                        |       | <b>3 785 415 372</b> | <b>2 972 915 821</b> |

- 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 interim statement of profit or loss for the nine months ended September 30, 2022

| EGP  | Notes | Three months ended |                    | Nine months ended  |                     |
|--|-------|--------------------|--------------------|--------------------|---------------------|
|  |       | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021  |
| Sales revenue  | 3     | 1 303 993 018      | 677 918 341        | 3 433 451 971      | 1 642 784 214       |
| Cost of sales  | 4     | (1 141 586 752)    | (639 226 119)      | (2 846 421 408)    | (1 582 731 038)     |
| <b>GROSS PROFIT</b>                                    |       | <b>162 406 266</b> | <b>38 692 222</b>  | <b>587 030 563</b> | <b>60 053 176</b>   |
| General and administration expenses                    | 5     | (38 177 281)       | (20 969 604)       | (90 177 597)       | (57 942 023)        |
| Provisions   | 23    | (42 000)           | (390 664)          | (91 471 423)       | (1 200 400)         |
| Interest income  |       | 1 643 761          | 124 725            | 2 707 828          | 435 285             |
| Other income   |       | 59 353 457         | 115 357            | 75 492 013         | 26 739 055          |
| Finance costs  | 6     | (13 619 984)       | (16 407 147)       | (39 391 459)       | (52 083 829)        |
| Capital Gain   |       | 200 000            | --                 | 200 000            | --                  |
| Share of profit of a joint venture                     |       | 8 088              | 38 582             | 89 470             | 95 160              |
| Foreign exchange differences                           |       | (17 981 837)       | (454 996)          | (82 475 809)       | 468 887             |
| <b>PROFIT / (LOSS) FOR THE PERIOD BEFORE TAX</b>       |       | <b>153 790 470</b> | <b>748 475</b>     | <b>362 003 586</b> | <b>(23 434 689)</b> |
| Income tax   | 1.8   | (11 027 540)       | (681 240)          | (99 738 510)       | 218 410             |
| <b>PROFIT / (LOSS) FOR THE PERIOD AFTER TAX</b>        |       | <b>142 762 930</b> | <b>67 235</b>      | <b>262 265 076</b> | <b>(23 216 279)</b> |
| Profit / Loss attributable to:                         |       |                    |                    |                    |                     |
| Owners of the Parent Company                           |       | 142 750 602        | 65 370             | 262 245 065        | (23 221 005)        |
| Non-controlling interests                              | 20    | 12 328             | 1 865              | 20 011             | 4 726               |
|  |       | <b>142 762 930</b> | <b>67 235</b>      | <b>262 265 076</b> | <b>(23 216 279)</b> |
| <b>Earnings/(Losses) per share (Basic and diluted)</b> |       |                    |                    |                    |                     |
| Basic and diluted (EGP / Share)                        | 9     | 0.37               | (0.01)             | 0.68               | (0.08)              |

-- 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 interim statement of comprehensive Income for the nine months ended September 30,2022

| EGP  | Notes | Three months ended    |                       | Six months ended      |                       |
|--|-------|-----------------------|-----------------------|-----------------------|-----------------------|
|  |       | September 30,<br>2022 | September 30,<br>2021 | September 30,<br>2022 | September 30,<br>2021 |
| PROFIT / (LOSS) FOR THE PERIOD, NET OF INCOME TAX                  |       | 142 762 930           | 67 235                | 262 265 076           | (23 216 279)          |
| OTHER COMPREHENSIVE INCOME, NET OF INCOME TAX                      |       |                       |                       |                       |                       |
| TOTAL OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF INCOME TAX |       |                       |                       | --                    | --                    |
| TOTAL COMPREHENSIVE INCOME FOR THE PERIOD                          |       | 142 762 930           | 67 235                | 262 265 076           | (23 216 279)          |
| Total comprehensive income attributable to:                        |       |                       |                       |                       |                       |
| Owners of the Parent Company                                       |       | 142 750 602           | 65 370                | 262 245 065           | (23 221 005)          |
| Non-controlling interests  | 20    | 12 328                | 1 865                 | 20 011                | 4 726                 |

-- 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 interim statement of changes in equity for the nine months ended September 30, 2022

| EGP                                       | Issued Capital | Legal reserve | Retained earnings | Attributable to owners of the Parent 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 |
| Dividends distributed                     | --             | --            | (7 108 042)       | (7 108 042)                                  | --                        | (7 108 042)   |
| Total comprehensive income for the period | --             | --            | (23 221 005)      | (23 221 005)                                 | 4 726                     | (23 216 279)  |
| Balance at September 30, 2021             | 757 479 400    | 257 830 772   | (11 777 326)      | 1 003 532 846                                | 35 834                    | 1 003 568 680 |
| 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)       | --   | --                        | --            |
| Dividends distributed                     | --             | --            | (6 927 439)       | (6 927 439)                                  | --                        | (6 927 439)   |
| Total comprehensive income for the period | --             | --            | 262 245 065       | 262 245 065                                  | 20 011                    | 262 265 076   |
| Balance at September 30, 2022             | 757 479 400    | 260 543 120   | 298 230 767       | 1 316 253 287                                | 58 692                    | 1 316 311 979 |

-- 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 interim statement of cash flows for the nine months  
Ended September 30, 2022

| EGP  | Notes | September 30, 2022 | September 30, 2021 |
|--|-------|--------------------|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                |       |                    |                    |
| Net (loss) / Profit for the year before taxes              |       | 362 003 586        | (23 434 689)       |
| Adjusted by:   |       |                    |                    |
| Finance costs recognized in profit or loss                 | 6     | 39 391 459         | 52 083 829         |
| Interest income  |       | (2 707 828)        | (435 285)          |
| Share of profit of a Joint venture                         |       | (89 470)           | (95 160)           |
| Depreciation of property, plant and equipment              | 10    | 155 400 259        | 156 203 617        |
| Capital Gain   |       | (200 000)          | --                 |
| Amortization of intangible assets                          | 12    | 21 059 331         | 27 528 056         |
| Amortization of right of use assets                        | 1.26  | 4 152 699          | 725 166            |
| Unrealized foreign currency exchange loss /(gain)          |       | 33 304 350         | (391 304)          |
| Provisions formed  | 23    | 91 471 423         | 1 200 400          |
| (Increase) in inventories                                  |       | (288 916 506)      | (115 021 271)      |
| (Increase) in debtors and other debit balances             |       | (292 835 119)      | (17 082 895)       |
| (Increase) in trade receivables                            |       | (274 247 970)      | (19 511 609)       |
| (Increase) in due from related parties                     |       | (57 382)           | (65 750 699)       |
| Increase/(Decrease) in creditors and other credit balances |       | 7 182 509          | (4 499 362)        |
| Increase in trade payables                                 |       | 426 380 764        | 188 998 70 0       |
| (Decrease) / Increase in due to related parties            |       | (11 130 408)       | 3 674 713          |
| Provision Used   | 23    | (62 933 773)       | --                 |
| <b>Cash generated by operations</b>                        |       | <b>207 227 924</b> | <b>184 192 207</b> |
| Interest paid  |       | (38 383 393)       | (52 518 473)       |
| Income tax Repayments                                      |       | (42 189 962)       | (438 220)          |
| <b>Net cash flows generated by operating activities</b>    |       | <b>126 654 569</b> | <b>131 235 514</b> |

Arabian Cement Company S.A.E.  
 Condensed consolidated interim statement of cash flows for the nine months  
 Ended September 30, 2022

| EGP   | Notes | September 30, 2022  | September 30, 2021  |
|---|-------|---------------------|---------------------|
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |       |                     |                     |
| Payments for property, plant and equipment                        | 10    | (17 398 297)        | (4 907 516)         |
| Payments for project under construction                           |       | (946 497)           | --                  |
| Proceed from selling Fixed asset                                  |       | 200 000             | --                  |
| Interest income   |       | 2 707 828           | 435 285             |
| <b>Net cash flows (used in) investing activities</b>              |       | <b>(15 436 966)</b> | <b>(4 472 231)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |       |                     |                     |
| Repayment of borrowings   |       | (84 476 124)        | (71 823 915)        |
| Proceed from (Paid) to credit facilities                          |       | 101 091 115         | (7 565 913)         |
| Repayment of finance lease  |       | (1 193 651)         | (447 489)           |
| Payment of dividends  |       | (6 927 439)         | (7 108 042)         |
| Repayment of other liabilities                                    |       | --                  | (769 250)           |
| <b>Net cash flows generated by (used in) financing activities</b> |       | <b>8 493 901</b>    | <b>(87 714 609)</b> |
| Increase in cash and cash equivalents                             |       | 119 711 504         | 39 048 674          |
| Cash and cash equivalents at the beginning of the period          |       | 128 250 456         | 67 032 927          |
| <b>Cash and cash equivalents at the end of the period</b>         | 17    | <b>247 961 960</b>  | <b>106 081 601</b>  |

-- 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 November 21, 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 interim financial statements and must be read in conjunction with the annual consolidated interim financial statements as of December 31, 2021.

## 2.2 Basis of preparation

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

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

The principal accounting policies are set out below.

## 2.3 Basis of consolidation

The consolidated interim 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 interim 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          | Three months ended   |                    | Nine months ended    |                      |
|--------------|----------------------|--------------------|----------------------|----------------------|
|              | September 30, 2022   | September 30, 2021 | September 30, 2022   | September 30, 2021   |
| Local sales  | 912 785 055          | 568 111 056        | 2 683 002 751        | 1 362 057 818        |
| Export sales | 328 806 428          | 78 941 272         | 575 916 076          | 196 787 528          |
| Services     | 62 401 535           | 30 866 013         | 174 533 144          | 83 938 868           |
| <b>TOTAL</b> | <b>1 303 993 018</b> | <b>677 918 341</b> | <b>3 433 451 971</b> | <b>1 642 784 214</b> |

**4. Cost of sales**

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

| EGP                                       | Three months ended   |                    | Nine months ended    |                      |
|---|----------------------|--------------------|----------------------|----------------------|
|   | September 30, 2022   | September 30, 2021 | September 30, 2022   | September 30, 2021   |
| Raw materials                             | 976 537 191          | 474 966 391        | 2 362 172 999        | 1 172 570 276        |
| Manufacturing depreciation                | 51 784 250           | 52 054 644         | 153 606 885          | 154 641 120          |
| Electricity supply agreement amortization | 7 096 917            | 8 180 272          | 21 059 331           | 27 528 056           |
| Amortization of right of use assets       | 1 357 376            | 241 722            | 4 152 699            | 725 166              |
| Transportation costs                      | 42 218 785           | 31 535 022         | 124 022 290          | 67 179 451           |
| Overhead costs                            | 62 592 233           | 72 248 068         | 181 407 204          | 160 086 969          |
| <b>TOTAL</b>                              | <b>1 141 586 752</b> | <b>639 226 119</b> | <b>2 846 421 408</b> | <b>1 582 731 038</b> |

**5. General and administration expenses**

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

| EGP                            | Three months ended |                    | Nine months ended  |                    |
|--------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| Professional fees              | 5 248 983          | 3 390 199          | 14 377 713         | 11 456 658         |
| Salaries and wages             | 8 816 916          | 7 187 235          | 25 851 154         | 21 250 915         |
| Security and cleaning services | 286 855            | 381 412            | 843 657            | 1 055 119          |
| Rentals                        | 184 232            | 638 978            | 556 842            | 1 815 524          |
| Transportation                 | 4 395 514          | 561 690            | 5 668 492          | 1 106 259          |
| Advertising                    | 34 000             | 76 930             | 1 294 045          | 1 002 253          |
| Administration depreciation    | 620 616            | 411 517            | 1 793 374          | 1 562 497          |
| Other expenses                 | 18 590 165         | 8 321 643          | 39 792 320         | 18 692 798         |
| <b>TOTAL</b>                   | <b>38 177 281</b>  | <b>20 969 604</b>  | <b>90 177 597</b>  | <b>57 942 023</b>  |

## 6. Finance costs

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

| EGP                                    | Three months ended |                    | Nine months ended  |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| Interest expense on loans              | 8 962 137          | 8 696 857          | 25 378 496         | 27 016 153         |
| Electricity agreement Interest expense | --                 | --                 | --                 | 572 750            |
| Interest on lease liability            | 226 933            | 11 916             | 824 068            | 52 231             |
| Interest on Credit facilities          | 4 272 125          | 7 617 192          | 12 781 109         | 23 306 656         |
| Interest on notes payable              | 158 789            | 81 182             | 407 786            | 1 136 039          |
| <b>TOTAL</b>                           | <b>13 619 984</b>  | <b>16 407 147</b>  | <b>39 391 459</b>  | <b>52 083 829</b>  |

## 7. Compensation of key management personnel

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

| EGP                           | Three months ended |                    | Nine months ended  |                    |
|-------------------------------|--------------------|--------------------|--------------------|--------------------|
|                               | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| Board of directors' allowance | 2 463 696          | 2 037 732          | 6 899 472          | 6 117 090          |
| Board of directors' salaries  | 2 965 560          | 2 452 840          | 8 304 920          | 7 363 200          |
| <b>TOTAL</b>                  | <b>5 429 256</b>   | <b>4 490 572</b>   | <b>15 204 392</b>  | <b>13 480 290</b>  |

\* Included in the salaries and wages in the General and administration expenses

## 8. Income taxes

## 8.1 Income tax expense recognised in profit or loss

| EGP  | Three months ended |                    | Nine months ended  |                    |
|--|--------------------|--------------------|--------------------|--------------------|
|  | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021 |
| <b>CURRENT TAX</b>                                       |                    |                    |                    |                    |
| Current tax expense for the current period               | 29 206 079         | 5 908 124          | 129 417 480        | 13 174 430         |
| <b>DEFERRED TAX</b>                                      |                    |                    |                    |                    |
| Net deferred tax recognized in the current period        | (18 178 539)       | (5 226 884)        | (29 678 970)       | (13 392 840)       |
| <b>TOTAL INCOME TAX RECOGNIZED IN THE CURRENT PERIOD</b> | <b>11 027 540</b>  | <b>681 240</b>     | <b>99 738 510</b>  | <b>(218 410)</b>   |

8.2 Current tax liabilities

| EGP                            | September 30, 2022 | December 31, 2021 |
|--------------------------------|--------------------|-------------------|
| Current tax liabilities        | 129 417 480        | 43 280 867        |
| <b>CURRENT TAX LIABILITIES</b> | <b>129 417 480</b> | <b>43 280 867</b> |

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

| September 30, 2022                | Opening balance    | Recognized in profit or loss | Closing balance    |
|-----------------------------------|--------------------|------------------------------|--------------------|
| EGP                               |                    |                              |                    |
| <b>(LIABILITIES)</b>              |                    |                              |                    |
| <i>Temporary differences</i>      |                    |                              |                    |
| Property, plant & equipment       | 301 472 827        | (29 678 970)                 | 271 793 857        |
| <b>NET DEFERRED TAX LIABILITY</b> | <b>301 472 827</b> | <b>(29 678 970)</b>          | <b>271 793 857</b> |
| December 31, 2021                 | Opening balance    | Recognized in profit or loss | Closing balance    |
| EGP                               |                    |                              |                    |
| <b>(LIABILITIES)</b>              |                    |                              |                    |
| <i>Temporary differences</i>      |                    |                              |                    |
| Property, plant & equipment       | 323 765 007        | (22 292 180)                 | 301 472 827        |
| <b>NET DEFERRED TAX LIABILITY</b> | <b>323 765 007</b> | <b>(22 292 180)</b>          | <b>301 472 827</b> |

9. Earnings per share

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

| EGP   | Three months ended |                    | Nine months ended  |                     |
|---|--------------------|--------------------|--------------------|---------------------|
|   | September 30, 2022 | September 30, 2021 | September 30, 2022 | September 30, 2021  |
| <b>EARNINGS / LOSSES (for basic and diluted earnings per share)</b>       |                    |                    |                    |                     |
| Profit/loss for the period attributable to owners of the parent           | 142 750 602        | 65 370             | 262 245 065        | (23 221 005)        |
| Employees share in distributable profits                                  | (1 719 699)        | (1 729 084)        | (5 164 343)        | (5 281 015)         |
| <b>Distributable profit / loss for the period</b>                         | <b>141 030 903</b> | <b>(1 663 714)</b> | <b>257 080 722</b> | <b>(28 502 020)</b> |
| <b>NUMBER OF SHARES (for basic and diluted earnings per share)</b>        |                    |                    |                    |                     |
| Weighted average number of ordinary shares for the purposes of EPS/(loss) | 378 739 700        | 378 739 700        | 378 739 700        | 378 739 700         |
| <b>EARNINGS/(LOSSES) PER SHARE</b>  | <b>0.37</b>        | <b>(0.01)</b>      | <b>0.68</b>        | <b>(0.08)</b>       |

10. Property, plant and equipment

| EGP                             | Freehold land | Buildings   | Machinery and equipment | Vehicles   | Furniture, fixtures and office equipment | Other installations | Computer and software | Total         |
|---------------------------------|---------------|-------------|-------------------------|------------|--|---------------------|-----------------------|---------------|
| <b>COST</b>                     |               |             |                         |            |  |                     |                       |               |
| 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                       | --            | 852 059     | 1 935 820               | 1 402 731  | 71 450                                   | 235 035             | 412 421               | 4 907 516     |
| Transfer from PUC               | --            | --          | 1 236 682               | --         | --                                       | --                  | --                    | 1 236 682     |
| Balance at September 30, 2021   | 50 243 436    | 637 213 699 | 2 878 342 205           | 47 686 354 | 15 836 471                               | 303 414 527         | 22 091 553            | 3 954 828 245 |
| 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                       | --            | 2 056 862   | 777 021                 | 13 048 458 | 49 503                                   | 538 685             | 927 768               | 17 398 297    |
| Disposal                        | --            | --          | (300 000)               | --         | --                                       | --                  | --                    | (300 000)     |
| Balance at September 30, 2022   | 50 243 436    | 664 123 121 | 2 882 975 335           | 60 723 214 | 15 885 974                               | 303 971 512         | 23 290 067            | 4 001 212 659 |
| <b>Accumulated Depreciation</b> |               |             |                         |            |  |                     |                       |               |
| 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 for the period     | --            | 21 381 790  | 117 074 093             | 3 727 802  | 1 144 969                                | 12 449 470          | 425 543               | 156 203 617   |
| Balance at September 30, 2021   | --            | 285 456 116 | 1 404 709 106           | 31 868 820 | 9 872 337                                | 149 802 813         | 21 174 805            | 1 902 883 997 |
| 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 for the period     | --            | 21 150 594  | 117 324 775             | 3 232 028  | 967 683                                  | 11 927 586          | 797 593               | 155 400 259   |
| Depreciation Disposal           | --            | --          | (300 000)               | --         | --                                       | --                  | --                    | (300 000)     |
| Balance at September 30, 2022   | --            | 323 166 692 | 1 561 212 653           | 35 740 555 | 11 177 211                               | 165 802 516         | 22 169 805            | 2 119 269 432 |
| <b>CARRYING AMOUNT</b>          |               |             |                         |            |  |                     |                       |               |
| At September 30, 2022           | 50 243 436    | 340 956 429 | 1 321 762 682           | 24 982 659 | 4 708 763                                | 138 168 996         | 1 120 262             | 1 881 943 227 |
| At September 30, 2021           | 50 243 436    | 351 757 583 | 1 473 633 099           | 15 817 534 | 5 964 134                                | 153 611 714         | 916 748               | 2 051 944 248 |
| 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 |

-Cancellation for the first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt as a guarantee for loans was granted by the bank to the company's land, all current and future buildings and constructions, and the tangible and intangible elements of the Company's factory. Until the date of the financials, the Company did not finalize the mortgage amendment procedures to be in favor of the Commercial International Bank (CIB) (Security agent)

-According to the loans contracts granted by the Commercial International Bank (CIB) (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 favor of the bank as it's the (Security agent), and the bank is the first and only beneficiary of this policy.

-The Company has insured (for its benefits) on cars and silos.



**11. Assets under construction**

| EGP  | September 30, 2022 | December 31, 2021 |
|--|--------------------|-------------------|
| Balance as of January 1  | 3 261 312          | 7 800 244         |
| Additions  | 946 497            | --                |
| Transfer to fixed assets   | --                 | (3 427 052)       |
| Adjustments  | --                 | (1 111 880)       |
| <b>Total</b>   | <b>4 207 809</b>   | <b>3 261 312</b>  |
| Projects under construction are represented in the following categories: |                    |                   |
| Machinery and equipment  | 4 207 809          | 3 261 312         |
| <b>TOTAL</b>   | <b>4 207 809</b>   | <b>3 261 312</b>  |

**12. Intangible assets**

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

Operating license

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

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

On 22 January 2015, the Industrial Development Authority (IDA) accepted to receive EGP 8 million monthly was fully paid however, the legal dispute 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 day of every month from April 2010 amounted by EGP 1.220 million per each instalment.

120 monthly instalments due on the first day 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                |                   |
|-------------------------------------|------------------------|---|--------------------|-------------------|
|                                     |                        |   | September 30, 2022 | December 31, 2021 |
| Andalus Reliance for Mining Company | Egypt                  | 50%   | 2 612 831          | 2 523 361         |
| <b>TOTAL</b>                        |                        |   | <b>2 612 831</b>   | <b>2 523 361</b>  |

## 14. Inventories

| EGP               | September 30, 2022 | December 31, 2021  |
|-------------------|--------------------|--------------------|
| Raw materials     | 344 181 174        | 63 516 280         |
| Packing materials | 57 115 736         | 7 133 235          |
| Spare parts       | 16 677 053         | 12 382 290         |
| Work in progress  | 3 801 481          | 2 230 592          |
| Finished goods    | 235 871 700        | 284 468 241        |
| <b>TOTAL</b>      | <b>658 647 144</b> | <b>369 730 638</b> |

## 15. Trade receivables

| EGP                        | September 30, 2022 | December 31, 2021 |
|----------------------------|--------------------|-------------------|
| Trade receivables          | 335 636 841        | 61 388 871        |
| Less: Expected credit loss | (2 512 720)        | (2 512 720)       |
| <b>TOTAL</b>               | <b>333 124 121</b> | <b>58 876 151</b> |

## 16. Debtors and other debit balances

| EGP                                 | September 30, 2022 | December 31, 2021  |
|-------------------------------------|--------------------|--------------------|
| Advance payments to suppliers       | 280 802 120        | 22 100 397         |
| Withholding tax                     | 18 381 187         | 30 039 410         |
| Deposit with others                 | 79 316 179         | 79 568 635         |
| Value added tax                     | --                 | 6 782 626          |
| Real Estate Tax                     | --                 | 1 572 127          |
| Employees dividends paid in advance | 5 164 343          | 6 927 441          |
| Letters of guarantee – cash margin  | 2 903 851          | 1 868 851          |
| Cash imprest                        | 4 615 152          | 4 310 664          |
| Other debit balances                | 56 030 215         | 2 298 682          |
| Less: Expected credit loss          | (2 195 090)        | (2 195 090)        |
| <b>Total</b>                        | <b>445 016 957</b> | <b>153 272 743</b> |

## 17. Cash and bank balances

| EGP          | September 30, 2022 | December 31, 2021 |
|--------------|--------------------|-------------------|
| Cash on hand | 5 637 175          | 2 074 616         |

|                                    |                    |                    |
|------------------------------------|--------------------|--------------------|
| Current account – local currency   | 95 184 851         | 41 090 674         |
| Current account – foreign currency | 41 590 263         | 9 699 527          |
| Deposits at banks                  | 105 549 671        | 75 385 639         |
| <b>Total</b>                       | <b>247 961 960</b> | <b>128 250 456</b> |

## 18. Capital

| EGP   | September 30, 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        |
| <b>Issued capital and paid-up capital</b>                   | <b>757 479 400</b> | <b>757 479 400</b> |

## 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                             | September 30, 2022 | December 31, 2021 |
|---------------------------------|--------------------|-------------------|
| Balance at beginning of period  | 38 681             | 31 108            |
| Gain of period                  | 20 011             | 7 573             |
| <b>Balance at end of period</b> | <b>58 692</b>      | <b>38 681</b>     |

## 21. Borrowings

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

National Bank of Egypt - NBE

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

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

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

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

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

The following interests and commissions are calculated on these facilities

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

The commitments in the agreement included the following:

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

## 22. Trade payables

| EGP                    | Current              |                    | Non-current        |                   |
|------------------------|----------------------|--------------------|--------------------|-------------------|
|                        | September 30, 2022   | December 31, 2021  | September 30, 2022 | December 31, 2021 |
| Local trade payables   | 698 797 146          | 418 976 540        | --                 | --                |
| Foreign trade payables | 420 468 338          | 271 315 966        | --                 | --                |
| Notes payable          | 3 885 085            | 3 411 122          | 4 544 514          | 7 610 691         |
| <b>Total</b>           | <b>1 123 150 569</b> | <b>693 703 628</b> | <b>4 544 514</b>   | <b>7 610 691</b>  |

## 23. Provisions

| EGP                                  | Provision for claims |
|--------------------------------------|----------------------|
| Balance at January 1, 2022           | 25 797 396           |
| Provision formed during the year     | 91 471 423           |
| Provision used during the period     | (62 933 773)         |
| <b>Balance at September 30, 2022</b> | <b>54 335 046</b>    |

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                       | September 30, 2022 | December 31, 2021 |
|---------------------------|--------------------|-------------------|
| Advances from customers   | 63 722 189         | 67 954 027        |
| Accrued development duty  | 8 832 156          | 11 290 171        |
| Accrued customers rebates | 44 680 073         | 54 422 249        |

|                          |                    |                    |
|--------------------------|--------------------|--------------------|
| Accrued expenses         | 25 492 459         | 12 544 736         |
| Retention                | 5 096 330          | 5 096 330          |
| Accrued interest         | 1 611 342          | 1 427 344          |
| Accrued taxes            | 27 002 950         | 14 438 738         |
| Deferred revenue – Grant | 12 469 642         | 13 240 502         |
| Other                    | 2 713 760          | 3 840 297          |
| <b>TOTAL</b>             | <b>191 620 901</b> | <b>184 254 394</b> |

## 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 |                    |
|-------------------------------------|--------------------------|-----------------------|-----------------------|--------------------|
|                                     |                          |                       | September 30, 2022    | September 30, 2021 |
| Andalus Reliance for Mining Company | Joint Venture            | Purchases             | 15 281 235            | 27 935 414         |
| Cementos la Union – Spain Company   | Subsidiary of the parent | Sales                 | 37 372 288            | 109 647 988        |
| Cementos la Union – Spain Company   |                          | Services              | 2 231 051             | --                 |

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

| EGP                                 | Due from related parties |                   | Due to related parties |                   |
|-------------------------------------|--------------------------|-------------------|------------------------|-------------------|
|                                     | September 30, 2022       | December 31, 2021 | September 30, 2022     | December 31, 2021 |
| Cementos la Union – Spain Company   | 57 382                   | --                | --                     | 2 229 273         |
| Andalus Reliance for Mining Company | --                       | --                | 662 499                | 9 563 634         |
| <b>Total</b>                        | <b>57 382</b>            | <b>--</b>         | <b>662 449</b>         | <b>11 792 907</b> |

## 26. Lease contract

## 26.1 Right of Use assets

| 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                                  | --                | --                    | --                |
| <b>Cost as of September 30, 2022</b>                     | <b>22 486 750</b> | <b>16 900 557</b>     | <b>39 387 307</b> |
| <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                              | 4 072 131         | 80 568                | 4 152 699         |
| <b>Accumulated amortization as of September 30, 2022</b> | <b>9 008 091</b>  | <b>16 900 557</b>     | <b>25 908 648</b> |
| <b>Net book value September 30, 2022</b>                 | <b>13 478 659</b> | <b>--</b>             | <b>13 478 659</b> |

## 26.2 lease liability.

Financial lease liability recognized in the statement of interim financial position

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

|       |            |           |           |           |
|-------|------------|-----------|-----------|-----------|
| TOTAL | 10 246 735 | 9 566 342 | 5 929 800 | 6 979 776 |
|-------|------------|-----------|-----------|-----------|

\* The interest expenses on lease liability for the period amounted to EGP 824 068 (refer to note 6)

| EGP                           | September 30, 2022 | December 31, 2021 |
|-------------------------------|--------------------|-------------------|
| Beginning balance             | 16 546 118         | --                |
| Additions                     | --                 | 19 998 237        |
| Interest expenses             | 824 068            | 2 488 513         |
| Repayments of finance leasing | (1 193 651)        | (5 940 632)       |
| Ending balance                | 16 176 535         | 16 546 118        |

## 27. Tax position

### Arabian Cement Company

#### 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 company used to enjoy a tax exemption for a period of five years, starting from the financial period following the start of production. The date for starting production was determined by the General Authority for Investment and Free Zones as of April 22, 2008. Accordingly, the company was exempt from capital companies tax for the period from January 1, 2009 until December 31, 2013.

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

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

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

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

#### Value added tax / Sales tax

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

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

#### Stamp tax

Stamp tax was inspected till 2019, and all due taxes and differences resulted from the inspection were settled.

The years 2020 and 2021 have not been inspected yet.

#### Payroll tax

Payroll tax was inspected, and taxes were settled until 2014.

The company's books for the years from 2015 till 2020 currently under inspection and no claim received yet.

The tax return was submitted on the electronic system of the Egyptian Tax Authority for the years 2020/2021, as well as the submission of quarterly returns on the due dates.

#### Real estate tax

The value of the real estate tax claims until 2020 on the company's factory in Suez amounted to 5,427,873 EGP, and the company has paid 7 million pounds, and the company has a debit balance of EGP 1,527,127.

The Tax Authority estimated a real estate tax on the company's administrative building in Cairo Governorate at EGP 403 920, and this estimate was challenged. The Appeal Committee issued its decision to reduce the tax to EGP 256,000 for the years 2020/2021.

The company appealed the decision before the Court of Justice administrative.

#### Development fee

The Company pays the due development fee for the cement produced from local clinker only. The Company has received claims for the payment of development fee differences, represented as follows:

The development fee due and the delay penalties have been paid until 2016.

The company was claimed for the development fee difference for the year 2017 and 2018 in the amount of EGP 3,783,062 and the file was referred to the Appeal Committee. The decision of the Appeal Committee was issued for the year 2018, whereby the company is owed a tax of EGP 94,860, and there is still a dispute over the development fee due for the year 2017, amounting to

EGP 1,196,265.

The Company paid all development fees on cement produced from local clinker till September 2022.

**Withholding Tax**

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

**28. Significant Events during the current period**

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

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

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

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

**29. Significant Events during the subsequent period**

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

Sergio Alcantarilla Rodriguez

Chief Executive Officer

Salvador Cabañas Lopez

Chief Financial Officer