

Arabian Cement Company S.A.E.
Condensed Separate Interim Financial Statements
together with Limited Review Report
for the three months ended March 31, 2023

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Limited Review Report
For the Condensed Separate Interim Financial Statements

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

Introduction

We have conducted our limited review for the accompanying condensed separate interim financial position of Arabian Cement Company - An Egyptian Joint Stock Company - as of March 31, 2023, and the related condensed separate statements of profits or losses, comprehensive income, changes in equity and cash flows for the three months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed separate interim financial statements in accordance with the Egyptian Accounting Standard No. (30) - Interim Financial Reporting. Our responsibility is to express a conclusion on these condensed separate interim financial statements based on our review.

Scope of Review

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

Conclusion

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

Cairo, May 29, 2023

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



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

EGP	Note No.	March 31, 2022	December 31, 2022
Assets			
Non-current assets			
Property, plant and equipment (net)	(10)	1 766 508 110	1 809 821 676
Assets under construction	(11)	3 952 133	3 952 133
Intangible assets (net)	(12)	184 325 728	191 268 364
Right of use assets (net)	(31)	11 518 583	12 992 066
Investment in subsidiaries	(13)	47 476 057	47 476 057
Investment in a joint venture	(14)	125 000	125 000
Total non-current assets		2 013 905 611	2 065 635 296
Current assets			
Inventories	(15)	588 792 901	615 572 443
Trade receivables	(16)	289 070 002	49 371 741
Debtors and other debit balances (net)	(17)	158 893 860	217 510 036
Due from related parties	(25)	12 127 467	12 276 959
Cash and bank balances	(18)	546 436 029	797 971 564
Total current assets		1 595 320 259	1 692 702 743
Total assets		3 609 225 870	3 758 338 039
Equity and liabilities			
Equity			
Issued and paid-up capital	(19)	757 479 400	757 479 400
Legal reserve	(20)	294 702 995	260 452 502
Retained earnings		342 376 451	140 646 840
Total equity		1 394 558 846	1 158 578 742
Liabilities			
Non-current liabilities			
Borrowings	(22)	148 882 612	177 476 090
Deferred tax liabilities	(8-3)	240 859 346	264 257 505
Lease liabilities	(26)	6 191 970	6 724 129
Notes payable	(21)	3 827 934	4 544 514
Total non-current liabilities		399 761 862	453 002 238
Current liabilities			
Trade and notes payable	(21)	732 807 385	822 872 962
Credit facilities	(22)	342 437 008	360 644 205
Current income tax liability	(8-2)	263 276 078	192 343 445
Current portion of long term borrowings	(22)	193 215 215	163 534 780
Lease liabilities	(26)	5 634 456	6 411 505
Creditors and other credit balances	(24)	214 548 024	288 398 900
Due to related parties	(25)	604 258	2 090 485
Dividends payable		--	249 968 203
Provisions	(23)	62 382 738	60 492 574
Total current liabilities		1 814 905 162	2 146 757 059
Total Liabilities		2 214 667 024	2 599 759 297
Total equity and liabilities		3 609 225 870	3 758 338 039

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



Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer

- Auditor's report attached.

Arabian Cement Company (S.A.E)
Condensed Separate Statement of profit and loss
for the three months ended March 31, 2023

<u>EGP</u>	<u>Note No.</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Sales (net)	(3)	1 687 093 170	1 020 325 029
Cost of sales	(4)	<u>(1 223 642 498)</u>	<u>(788 777 578)</u>
Gross profit		463 450 672	231 547 451
<u>Add/(deduct):</u>			
General and administrative expenses	(5)	(49 765 516)	(32 279 136)
Provisions	(23)	(3 000 000)	(46 595 423)
Interest income		8 817 737	126 472
Other income		359 339	15 690 455
Finance costs	(6)	(25 075 783)	(14 483 869)
Foreign currency exchange losses		<u>(104 208 091)</u>	<u>(51 102 296)</u>
Net profit for the period before tax		290 578 358	102 903 654
Income taxes	(8-1)	<u>(47 534 474)</u>	<u>(49 620 414)</u>
Net profit for the period after tax		<u>243 043 884</u>	<u>53 283 240</u>
Earnings per share for the period	(9)	<u>0.64</u>	<u>0.14</u>

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



Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer

Arabian Cement Company (S.A.E)
Condensed Separate Statement of Comprehensive Income
for the three months ended March 31, 2023

<u>EGP</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
Net profit for the period after tax	243 043 884	53 283 240
Items of other comprehensive income	--	--
Comprehensive income for the period	<u>243 043 884</u>	<u>53 283 240</u>

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



Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer

Arabian Cement Company (S.A.E)
Condensed Separate Statement of Cash flow
for the three months ended March 31, 2023

<u>EGP</u>	<u>Note No.</u>	<u>March 31, 2023</u>	<u>March 31, 2022</u>
<u>Cash flows from operating activities</u>			
Net profit for the period before tax		290 578 358	102 903 654
<u>Adjusted by:</u>			
Finance costs	(6)	25 075 783	14 483 869
Interest income		(8 817 737)	(126 472)
Depreciation of property, plant and equipment	(10)	50 465 685	50 092 522
Amortization of intangible assets	(12)	6 942 636	6 942 636
Amortization of right of use assets	(26)	1 473 483	1 357 378
Unrealized foreign currency exchange losses from borrowings		40 747 313	28 260 869
Provisions	(23)	3 000 000	46 595 423
		<u>409 465 521</u>	<u>250 509 879</u>
Decrease in inventories		26 779 542	64 050 682
Decrease (increase) in debtors and other debit balances		51 552 396	(111 748 558)
Decrease (increase) in amounts due from related parties		149 492	(37 292 130)
(Increase) decrease in trade receivables		(239 698 261)	12 292 593
Decrease in trade and notes payables		(90 782 157)	(42 617 855)
Decrease in amounts due to related parties		(1 486 227)	(8 694 081)
(Decrease) increase in creditors and other credit balances		(73 850 876)	274 982 565
Provisions used	(23)	(1 109 836)	(20 924 489)
Cash flows generated from operating activities		<u>81 019 594</u>	<u>380 558 606</u>
Finance costs paid		(24 922 535)	(14 067 499)
Net cash flows generated from operating activities		<u>56 097 059</u>	<u>366 491 107</u>
<u>Cash flows from investing activities</u>			
Payments for purchase of property, plant and equipment		(7 152 119)	(645 602)
Interest income received		8 817 737	126 472
Net cash flows generated from (used in) investing activities		<u>1 665 618</u>	<u>(519 130)</u>
<u>Cash flows from financing activities</u>			
Net change in borrowings		(39 660 356)	(27 308 730)
Net change in credit facilities		(18 207 197)	(200 231 264)
Repayment for lease liabilities		(1 462 456)	(618 238)
Dividends paid		(249 968 203)	(6 927 440)
Net cash flows used in financing activities		<u>(309 298 212)</u>	<u>(235 085 672)</u>
Net change in cash and cash equivalents during the period		(251 535 535)	130 886 305
Cash and cash equivalents at the beginning of the period		797 971 564	117 292 968
Cash and cash equivalents at the end of the period	(18)	<u>546 436 029</u>	<u>248 179 273</u>

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



Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer

Translation of the separate financial statements
originally issued in Arabic

Arabian Cement Company (S.A.E)

Condensed Separate Statement of Changes in Shareholders' Equity
for the three months ended March 31, 2023

<u>EGP</u>	<u>Issued and paid-up capital</u>	<u>Legal reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance as of January 1, 2022	757 479 400	257 740 154	57 749 903	1 072 969 457
Transferred to legal reserve	--	2 712 348	(2 712 348)	--
Dividends distributed to employees	--	--	(6 927 440)	(6 927 440)
Total comprehensive income for the period	--	--	53 283 240	53 283 240
Balance as of March 31, 2022	<u>757 479 400</u>	<u>260 452 502</u>	<u>101 393 355</u>	<u>1 119 325 257</u>
Balance as of January 1, 2023	757 479 400	260 452 502	140 646 840	1 158 578 742
Transferred to legal reserve	--	34 250 493	(34 250 493)	--
Dividends distributed to employees	--	--	(7 063 780)	(7 063 780)
Total comprehensive income for the period	--	--	243 043 884	243 043 884
Balance as of March 31, 2023	<u>757 479 400</u>	<u>294 702 995</u>	<u>342 376 451</u>	<u>1 394 558 846</u>

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



Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer

1. The Company's general information

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

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

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

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

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

The condensed separate interim financial statements were approved by the Board of Directors and authorized for issue on
May 29, 2023.

2. Significant accounting policies

2.1 Statement of compliance

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

2.2 Basis of preparation

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

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

Arabian Cement Company S.A.E
Condensed separate interim financial statements
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3. Sales revenue

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

EGP	March 31, 2023	March 31, 2022
<u>Local</u>		
Sales	947 876 418	889 306 873
Transportation Services	15 071 930	28 810 892
	962 948 348	918 117 765
<u>Export</u>		
Sales	574 935 670	72 005 886
Transportation Services	149 209 152	30 201 378
	724 144 822	102 207 264
TOTAL	1 687 093 170	1 020 325 029

4. Cost of sales

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

EGP	March 31, 2023	March 31, 2022
Raw materials	972 625 072	646 375 137
Manufacturing depreciation	49 876 797	49 509 801
Electricity supply agreement amortization	6 942 636	6 942 636
Right of use amortization	1 473 483	1 357 377
Transportation cost	144 417 791	50 330 589
Overhead cost	48 306 719	34 262 038
TOTAL	1 223 642 498	788 777 578

5. General and administration expenses

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

EGP	March 31, 2023	March 31, 2022
Professional services	17 903 797	13 533 347
Salaries and wages	14 055 881	7 905 502
Security and cleaning services	267 998	258 046
Rentals	34 844	18 881
Transportation	1 173 502	554 945
Advertising	1 183 239	656 210
Depreciation expense	588 888	582 721
Other	14 557 367	8 769 484
TOTAL	49 765 516	32 279 136

6. Finance costs

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

EGP	March 31, 2023	March 31, 2022
Loan interest expense	11 659 356	7 730 629
Finance lease interest	153 248	350 135
Finance interest on long term notes payable	202 804	113 120
Credit facilities interest expense	13 060 375	6 289 985
TOTAL	25 075 783	14 483 869

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7. Compensation of key management personnel *

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

EGP	March 31, 2023	March 31, 2022
Board of Directors allowance	3 690 144	2 039 904
Board of Directors salaries	4 441 840	2 455 440
TOTAL	8 131 984	4 495 344

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

8. Income taxes

8.1 Income tax recognised in profit or loss

EGP	March 31, 2023	March 31, 2022
CURRENT TAX		
Current tax expense for the current period	70 932 633	54 708 727
DEFERRED TAX		
Deferred tax (income) recognized in the current period	(23 398 159)	(5 088 313)
TOTAL INCOME TAX EXPENSE RECOGNIZED IN THE CURRENT PERIOD	47 534 474	49 620 414

8.2 Current tax liabilities

EGP	March 31, 2023	December 31, 2022
Current tax liabilities (note 8.1)	263 276 078	192 343 445
CURRENT TAX LIABILITIES	263 276 078	192 343 445

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

March 31, 2023	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(Temporary differences)			
<u>Deferred Tax Liability</u>			
Property, plant & equipment	(264 257 505)	6 072 697	(258 184 808)
<u>Deferred tax Assets</u>			
Unrealized foreign currency exchange losses	--	17 325 462	17 325 462
NET DEFERRED TAX LIABILITY	(264 257 505)	23 398 159	(240 859 346)
December 31, 2022	Opening balance	Recognized in profit or loss	Closing balance
EGP			
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	(299 493 767)	35 236 262	(264 257 505)
NET DEFERRED TAX LIABILITY	(299 493 767)	35 236 262	(264 257 505)

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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, 2023	March 31, 2022
EARNINGS (for basic and diluted earnings per share)		
Profit for the period	243 043 884	53 283 240
Employees' share in distributable profits (note 17)	(2 526 395)	(1 689 337)
Distributable profit	240 517 489	51 593 903
NUMBER OF SHARES (for basic and diluted earnings per share)		
Weighted average number of ordinary shares for the purposes of EPS	378 739 700	378 739 700
EARNINGS PER SHARE	0.64	0.14

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10. Property, plant and equipment (Net)

EGP	Freehold land	Buildings	Vehicles	Machinery and Equipment	Furniture and fixtures	Other installations	Computers and software	Total
COST								
Balance at January 1, 2022	50 243 436	658 393 762	27 947 207	2 855 598 819	15 069 515	302 387 628	21 459 451	3 931 099 818
Additions	--	--	21 165	87 297	--	--	537 140	645 602
Balance at March 31, 2022	50 243 436	658 393 762	27 968 372	2 855 686 116	15 069 515	302 387 628	21 996 591	3 931 745 420
Balance at January 1, 2023	50 243 436	663 352 417	38 134 002	2 857 479 064	15 110 765	302 978 330	22 589 172	3 949 887 186
Additions	--	5 097 629	93 885	163 488	142 960	432 204	1 221 953	7 152 119
Adjustments	--	--	--	(217 255)	--	--	--	(217 255)
Balance at March 31, 2023	50 243 436	668 450 046	38 227 887	2 857 425 297	15 253 725	303 410 534	23 811 125	3 956 822 050
ACCUMULATED DEPRECIATION								
Balance at January 1, 2022	--	301 771 957	18 834 984	1 433 259 629	9 565 335	152 884 838	20 463 763	1 936 780 506
Depreciation expense	--	6 952 218	664 303	38 001 965	315 054	3 891 316	267 666	50 092 522
Balance at March 31, 2022	--	308 724 175	19 499 287	1 471 261 594	9 880 389	156 776 154	20 731 429	1 986 873 028
Balance at January 1, 2023	--	329 992 464	21 627 974	1 587 595 726	10 785 432	168 726 921	21 336 993	2 140 065 510
Depreciation expense	--	6 990 225	911 124	38 044 793	239 787	3 930 655	349 101	50 465 685
Adjustments	--	--	--	(217 255)	--	--	--	(217 255)
Balance at March 31, 2023	--	336 982 689	22 539 098	1 625 423 264	11 025 219	172 657 576	21 686 094	2 190 313 940
CARRYING AMOUNT								
At March 31, 2023	50 243 436	331 467 357	15 688 789	1 232 002 033	4 228 506	130 752 958	2 125 031	1 766 508 110
At March 31, 2022	50 243 436	349 669 587	8 469 085	1 384 424 522	5 189 126	145 611 474	1 265 162	1 944 872 392
At December 31, 2022	50 243 436	333 359 953	16 506 028	1 269 883 338	4 325 333	134 251 409	1 252 179	1 809 821 676

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- On February 24, 2019, there was a cancellation for the first-degree commercial and real estate mortgage for the benefit of the National Bank of Egypt. The management currently in the process of changing the mortgage to be in favour of the Commercial International Bank (CIB) (Security Agent).
- According to the loans contracts granted by the Commercial International Bank (Security Agent), the Company issued an insurance policy for the benefit of the bank, an insurance policy against all potential risks on the Company's factory and the production lines, in favour for the bank, and the bank is the first and only beneficiary of this policy.

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- The depreciation expense for the item of furniture and computers is included in the item of general and administrative expenses, Note (5) in the amount of EGP 588 888. The depreciation expense for the remaining assets is included in the cost of sales of Note (4) in the amount of EGP 49 876 797.

11. Projects under construction

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

Assets under construction are represented in the following categories:

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

12. Intangible assets (net)

EGP	Operating license	Electricity contract	Total
<u>Cost</u>			
Cost as of January 1, 2023	563 204 713	225 200 000	788 404 713
Cost as of March 31, 2023	563 204 713	225 200 000	788 404 713
<u>Accumulated amortization</u>			
Accumulated amortization as of January 1, 2023	(371 936 349)	(225 200 000)	(597 136 349)
Amortization for the period	(6 942 636)	--	(6 942 636)
Total accumulated amortization as of March 31, 2023	(378 878 985)	(225 200 000)	(604 078 985)
Net book value March 31, 2023	184 325 728	--	184 325 728
Net book value December 31, 2022	191 268 364	--	191 268 364

Operating license

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

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

Electricity contract

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

15% advance payment equivalent to EGP 32.58 million.

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

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

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

13. Investments in subsidiaries

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

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

14. Investments in joint venture

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

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

15. Inventories

EGP	March 31, 2023	December 31, 2022
Raw materials	81 998 755	44 310 142
Fuel	190 144 051	98 497 734
Packing materials	64 811 633	73 001 447
Spare parts	17 783 046	13 965 647
Work in progress	3 677 100	2 574 802
Finished goods	230 378 316	383 222 671
TOTAL	588 792 901	615 572 443

16. Trade Receivables

EGP	March 31, 2023	December 31, 2022
Trade Receivables	289 070 002	49 371 741
Total	289 070 002	49 371 741

17. Debtors and other debit balances (net)

EGP	March 31, 2023	December 31, 2022
Advance to suppliers	40 454 727	108 882 285
Withholding tax	7 998 772	5 260 141
Prepaid expenses	18 414 042	7 607 105
Value added tax	2 881 728	2 881 728
Real estate tax	1 572 127	1 572 127
Deposit with others	79 316 179	79 316 179
Employees' dividends in advance	2 526 395	7 063 780
Letters of guarantee – cash margin	2 599 049	2 599 049
Cash imprest	4 738 649	3 935 450
Less:- Impairment of debtors and other debit balances	(1 607 808)	(1 607 808)
TOTAL	158 893 860	217 510 036

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18. Cash and bank balances

EGP	March 31, 2023	December 31, 2022
Cash in hand	1 908 489	2 932 427
Current account – local currency	348 954 576	562 644 512
Current account – foreign currency	143 472 692	112 334 157
Bank deposits	52 100 272	120 060 468
Total	546 436 029	797 971 564

19. Capital

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

20. Legal reserve

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

21. Trade and notes payable

EGP	Current		Non-current	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Local trade payable	436 017 997	513 374 381	--	--
Foreign trade payable	293 803 827	306 432 404	--	--
Notes payable*	2 985 561	3 066 177	3 827 934	4 544 514
Total	732 807 385	822 872 962	3 827 934	4 544 514

* The value of the notes payable represents the value of the checks issued in favour of City Gas, which resulted from the settlement of the previous dispute with the company regarding the differences in gas consumption, and a settlement in 2020 agreement was reached whereby the company charged EGP 19 847 553, which was paid with notes payables until 2025 recognized at net present value. The undiscounted value of the notes payables obligation at the end of the period amounted to EGP 9 847 553.

22. Borrowings

EGP	Current		Non-current	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
First: Credit facilities				
CIB	140 812 165	162 164 643	--	--
NBE	201 624 843	198 479 562	--	--
Total Facilities	342 437 008	360 644 205	--	--
Second: Bank loans				
Bank loans – CIB	58 650 000	56 100 000	81 600 000	96 900 000
Bank loans – EBRD	134 565 215	107 434 780	67 282 612	80 576 090
Total bank Loans	193 215 215	163 534 780	148 882 612	177 476 090

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23. Provisions

EGP	Provision for claims
Balance at January 1, 2023	60 492 574
Formed provisions during the period	3 000 000
Provisions used during the period	(1 109 836)
Balance at March 31, 2023	62 382 738

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

24. Other Creditors and other credit balances

EGP	March 31, 2023	December 31, 2022
Advances from customers	83 275 226	140 124 307
Accrued expenses	33 402 500	21 678 389
Accrued development fees	8 154 804	10 433 957
Accrued customers rebates	38 368 814	74 784 633
Accrued taxes	31 724 210	21 594 146
Accrued interest	2 899 421	2 759 721
Deferred revenue – Grant	11 892 740	12 193 446
Retention	4 830 309	4 830 301
TOTAL	214 548 024	288 398 900

25. Related party transactions

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

EGP	Relation type	Transaction nature	Volume of the transactions	
			March 31, 2023	March 31, 2022
Andalus Concrete Company	Subsidiary	Sales	4 462 675	7 447 452
ACC for Management and Trading Company	Subsidiary	Services	20 055 093	16 765 893
Evolve Investment & Projects Management Company	Subsidiary	Purchases	3 564 915	10 255 388
Andalus Reliance for Mining Company	Joint Venture	Purchases	--	7 360 196
Cementos La Union – Spain	Subsidiary of the parent	Services Sales	1 191 104 --	8 399 650 29 987 534

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

EGP	Due from related parties		Due to related parties	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Andalus Concrete Company	5 980 848	6 932 654	--	--
Evolve Investment & Projects Management Company	--	--	604 258	2 090 485
ACC for Management and Trading Company	6 051 251	5 268 165	--	--
Cementos La Union -- Spain	95 368	76 140	--	--
TOTAL	12 127 467	12 276 959	604 258	2 090 485

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

26. Lease contracts

26.1 Right of Use

EGP	Land and buildings	Total
<u>Cost</u>		
Cost as of January 1, 2023	23 415 587	23 415 587
Cost as of March 31, 2023	23 415 587	23 415 587
<u>Less: - Accumulated amortization</u>		
Accumulated amortization as of January 1, 2023	10 423 521	10 423 521
Amortization for the period	1 473 483	1 473 483
Total accumulated amortization as of March 31, 2023	11 897 004	11 897 004
Net book value March 31, 2023	11 518 583	11 518 583
Net book value December 31, 2022	12 992 066	12 992 066

26.2 Lease liabilities

Lease liabilities recognized in the condensed separate statement of financial position

EGP	Current		Non-current	
	March 31, 2023	December 31, 2022	March 31, 2023	December 31, 2022
Lease liabilities	5 634 456	6 411 505	6 191 970	6 724 129
TOTAL	5 634 456	6 411 505	6 191 970	6 724 129

The lease interest cost during period amounted to EGP 153 248 (refer to note 6).

Amount EGP	March 31, 2023	December 31, 2022
Beginning balance	13 135 634	16 546 118
Additions	--	928 837
Interest expenses	153 248	1 057 180
Repayment of lease liabilities	(1 462 456)	(5 396 501)
Ending Balances	11 826 426	13 135 634

27. Significant Events during the period ended March 31, 2023

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

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

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

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<p>Egyptian Accounting Standard No. (36) amended 2023" Exploration for and Evaluation of Mineral Resources"</p>	<p>This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets. The company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should carried out by experts specialized in valuation and registered in a register maintained for this purpose at the Ministry of Petroleum, and in the case of applying the revaluation model (whether the model stated in the Egyptian Accounting Standard (10) "Fixed Assets " or the model stated in Egyptian Accounting Standard (23) "Intangible Assets") should consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.</p>	<p>The standard has no impact on the separate financial statements</p>	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting on or after January 1, 2023, retrospectively, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the company applies this model for the first time.</p>
<p>Egyptian Accounting Standard No. (35) amended 2023 "Agriculture"</p>	<p>This standard was reissued in 2023, where paragraphs (1-5), (8), (24), and (44) were amended and paragraphs (5a) - (5c) and (63) were added, with respect to the accounting treatment of agricultural produce harvested, (Egyptian Accounting Standard (10) "Fixed assets " was amended accordingly).</p>	<p>The standard has no impact on the separate financial statements.</p>	<p>These amendments are effective for annual financial periods starting on or after January 1, 2023 retrospectively, cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the company applies this treatment for the first time.</p>

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	<p>The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented.</p>		
<p>Egyptian Accounting Standard No. (50) "Insurance Contracts"</p>	<p>This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the company provides appropriate information that truthfully reflects those contracts.</p> <p>This information provides users of the financial statements with the basis for assessing the impact of insurance contracts on the company's financial position, financial performance, and cash flows.</p> <p>Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts".</p> <p>Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).</p>	<p>Management is currently evaluating the potential impact on the separate financial statements from the application of the standard.</p>	<p>Egyptian Accounting Standard No. (50) is effective for annual financial periods starting on or after July 1, 2024, and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the company should disclose that fact</p>

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	<p>The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows:</p> <ul style="list-style-type: none">- Egyptian Accounting Standard No. (10) "Fixed Assets".- Egyptian Accounting Standard No. (23) "Intangible Assets".- Egyptian Accounting Standard No. (34) " Investment property".		
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Sergio Alcantarilla Rodriguez
Chief Executive Officer



Arturo Gallart Mauri
Chief Financial Officer