Arabian Cement Company S.A.E.
Condensed Consolidated Interim Financial Statements
together with Limited Review Report
for the three months ended March 31, 2024

Contents

Arabian Cement Company (condensed consolidated Interim financial statements)

Deloitte.

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Limited Review Report
For the Condensed Consolidated Interim Financial Statements

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

Introduction

We have conducted our limited review for the accompanying condensed consolidated interim financial position of Arabian Cement Company - An Egyptian Joint Stock Company - as of March 31, 2024, and the related condensed consolidated statements of profits or losses, comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these condensed consolidated interim financial statements in accordance with the 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) – Limited 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 matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these condensed consolidated interim financial statements.

Conclusion

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

Cairo, May 27, 2024

Wafik, Ramy Accountants & Auditors & Partners

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

Translation of the consolidated financial statements originally issued in Arabic

Arabian Cement Company (S.A.E)
Condensed Consolidated Statement of Financial Position
as of March 31, 2024

	Note No.	March 31, 2024 EGP	December 31, 2023 EGP
Assets			
Non-current assets			
Property, plant and equipment (net)	(10)	1 648 926 371	1 683 607 099
Assets under construction	(11)	6 627 909	2 426 563
Intangible assets (net)	(12)	156 111 518	163 112 115
Right of use assets (net)	(26.1)	11 798 052	12 901 506
Investment in a joint venture (net)	(13)	--	--
Total non-current assets		**1 823 463 850**	**1 862 047 283**
Current assets			
Inventories	(14)	924 781 915	986 106 029
Trade receivables (net)	(15)	793 533 118	228 615 932
Debtors and other debit balances (net)	(16)	314 807 311	249 566 135
Due from related parties	(25)	145 624	95 368
Cash and bank balances	(17)	615 493 280	561 096 680
Total current assets		**2 648 761 248**	**2 025 480 144**
Total assets		**4 472 225 098**	**3 887 527 427**
Equity and liabilities			
Equity			
Issued and paid-up capital	(18)	757 479 400	757 479 400
Legal reserve	(19)	363 627 770	294 829 534
Retained earnings		775 177 411	701 912 725
Equity attributable to owners of the Parent Company		**1 896 284 581**	**1 754 221 659**
Non-controlling interests	(20)	56 003	48 010
Total Equity		**1 896 340 584**	**1 754 269 669**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	(8-3)	233 878 575	282 218 616
Lease liabilities	(26.2)	1 378 473	1 739 258
Notes payable	(22)	1 145 067	1 788 996
Total non-current liabilities		**236 402 115**	**285 746 870**
Current liabilities			
Trade and notes payable	(22)	1 700 108 023	1 067 664 610
Credit facilities	(21)	27 374 708	90 074 273
Current income tax liability	(8-2)	316 593 921	216 715 896
Lease liabilities	(26.2)	11 879 634	9 481 649
Creditors and other credit balances	(24)	225 925 779	309 899 324
Dividends payable		--	99 229 802
Provisions	(23)	57 600 334	54 445 334
Total current liabilities		**2 339 482 399**	**1 847 510 888**
Total Liabilities		**2 575 884 514**	**2 133 257 758**
Total equity and liabilities		**4 472 225 098**	**3 887 527 427**

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer

Arturo Gallart Mauri
Chief Financial Officer

- Limited review attached.

Translation of the consolidated financial statements
originally issued in Arabic

Arabian Cement Company (S.A.E)

Condensed Consolidated Statement of Profit or Loss

for the three months ended March 31, 2024

	Note No.	March 31, 2024 EGP	March 31, 2023 EGP
Sales (net)	(3)	1 937 764 378	1 710 010 320
Cost of sales	(4)	(1 420 387 315)	(1 255 897 224)
Gross profit		**517 377 063**	**454 113 096**
Add/(deduct):			
General and administrative expenses	(5)	(55 020 218)	(40 739 271)
Provisions	(23)	(3 455 000)	(3 042 000)
Expected credit losses on trade receivables	(15)	--	(888 840)
Interest income		12 565 841	9 205 459
Other income		1 874 345	485 520
Finance costs	(6)	(24 958 742)	(25 075 783)
Share of loss of a joint venture		--	(34 022)
Foreign currency exchange losses		(244 198 044)	(104 208 094)
Net profit for the period before tax		**204 185 245**	**289 816 065**
Income tax	(8-1)	(51 537 984)	(48 040 792)
Net profit for the period after tax		**152 647 261**	**241 775 273**
Profit attributable to:			
Owners of the Parent Company		152 639 268	241 772 500
Non-controlling interests	(20)	7 993	2 773
		152 647 261	**241 775 273**
Earnings per share for the period	(9)	**0.39**	**0.63**

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

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

Translation of the consolidated financial statements originally issued in Arabic

Arabian Cement Company (S.A.E)
Condensed Consolidated Statement of Comprehensive Income
for the three months ended March 31, 2024

	March 31, 2024 EGP	March 31, 2023 EGP
Net profit for the period after tax	152 647 261	241 775 273
Items of other comprehensive income	--	--
Comprehensive income for the period	**152 647 261**	**241 775 273**

- The accompanying notes form an integral part of the condensed consolidated 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 Consolidated Statement of Cash flow

for the three months ended March 31, 2024

	Note No.	March 31, 2024 EGP	March 31, 2023 EGP
Cash flows from operating activities			
Net profit for the period before tax		204 185 245	289 816 065
Adjusted by:			
Finance costs	(6)	24 958 742	25 075 783
Interest income		(12 565 841)	(9 205 459)
Share of loss of a joint venture		--	34 022
Depreciation of property, plant and equipment	(10)	53 232 333	51 902 940
Amortization of intangible assets	(12)	7 000 597	6 942 636
Amortization of right of use assets	(26)	1 868 420	1 473 483
Expected credit losses on trade receivables	(15)	--	888 840
Unrealized foreign currency exchange losses from lease liabilities	(26.2)	2 034 721	--
Unrealized foreign currency exchange losses from borrowings		--	40 747 313
Provisions	(23)	3 455 000	3 042 000
		284 169 217	410 717 623
Decrease in inventries		61 324 114	26 400 923
(Increase) / decrease in debtors and other debit balances		(75 817 522)	51 139 835
Increase in trade receivables		(564 917 186)	(237 339 212)
Increase in amounts due from related parties		(50 256)	(19 228)
Decrease in creditors and other credit balances		(83 973 545)	(75 903 585)
Increase / (decrease) in trade and notes payable		631 799 484	(95 147 501)
Decrease in amounts due to related parties		--	(369 246)
Provisions used	(23)	(300 000)	(1 109 836)
Cash flows generated from operating activities		252 234 306	78 369 773
Finance costs paid		(24 681 610)	(24 922 535)
Net cash flows generated from operating activities		227 552 696	53 447 238
Cash flows from investing activities			
Payments for purchase of property, plant and equipment		(18 551 605)	(10 662 967)
Payments for assets under construction		(4 201 346)	--
Interest income received		12 565 841	9 205 459
Net cash flows used in investing activities		(10 187 110)	(1 457 508)
Cash flows from financing activities			
Net change in borrowings		--	(39 660 356)
Net change in credit facilities		(62 699 565)	(18 207 197)
Repayment for lease liabilities	(26.2)	(1 039 619)	(1 462 456)
Dividends paid		(99 229 802)	(249 968 203)
Net cash flows used in financing activities		(162 968 986)	(309 298 212)
Net change in cash and cash equivalents during the period		54 396 600	(257 308 482)
Cash and cash equivalents at the beginning of the period		561 096 680	818 442 022
Cash and cash equivalents at the end of the period	(17)	615 493 280	561 133 540

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

Sergio Alcantarilla Rodriguez
Chief Executive Officer

Arturo Gallart Mauri
Chief Financial Officer

Translation of the consolidated financial statements

originally issued in Arabic

Arabian Cement Company (S.A.E)

Condensed Consolidated Statement of Changes in Shareholders' Equity

for the three months ended March 31, 2024

	Issued and paid-up capital	Legal reserve	Retained earnings	Attributable to the owners of the Parent Company	Non-controlling interest	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of January 1, 2023	**757 479 400**	**260 543 120**	**145 003 980**	**1 163 026 500**	**38 121**	**1 163 064 621**
Transferred to legal reserve	--	34 250 493	(34 250 493)	--	--	--
Dividends distributed to employees	--	--	(7 063 780)	**(7 063 780)**	--	**(7 063 780)**
Total comprehensive income for the period	--	--	241 772 500	**241 772 500**	2 773	**241 775 273**
Balance at March 31, 2023	**757 479 400**	**294 793 613**	**345 462 207**	**1 397 735 220**	**40 894**	**1 397 776 114**
Balance as of January 1, 2024	**757 479 400**	**294 829 534**	**701 912 725**	**1 754 221 659**	**48 010**	**1 754 269 669**
Transferred to legal reserve	--	68 798 236	(68 798 236)	--	--	--
Dividends distributed to employees	--	--	(10 576 346)	**(10 576 346)**	--	**(10 576 346)**
Total comprehensive income for the period	--	--	152 639 268	**152 639 268**	7 993	**152 647 261**
Balance at March 31, 2024	**757 479 400**	**363 627 770**	**775 177 411**	**1 896 284 581**	**56 003**	**1 896 340 584**

- The accompanying notes form an integral part of the condensed consolidated 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. (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 the provisions of the Investment Law No. 230 of 1989 and the Capital Market Law No. 95 of 1992 according to the decree of the Chairman of the 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 to be Villa 56 El Gihaz Street, Fifth Settlement, New Cairo, Egypt. The admin office changed to be on Gamal Abdel Nasser square (west Arabella), Fifth Settlement Arabella Plaza, Office Building (A), 5th floor.

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

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

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

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

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

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

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

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

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

The condensed consolidated interim financial statements were approved by the Board of Directors and authorized for issue on May 27, 2024.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The condensed consolidated interim financial statements have been prepared in accordance with Egyptian Accounting Standards (EASs) No. (30) Interim financial reporting. These condensed consolidated interim financial statements do not include all the information required in the preparation of the full set annual consolidated financial statements and must be read in conjunction with the annual consolidated financial statements as of December 31, 2023.

2.2 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value or amortized cost, as appropriate.
Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The principal accounting policies are set out below.

2.3 Basis of consolidation

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

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

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.
When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

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

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.
Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
When necessary, adjustments are made to the financial statements of a group entity to bring its accounting policies into line with the Group's accounting policies.
All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

3. Sales revenue

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

EGP	March 31, 2024	March 31, 2023
Local		
Sales	999 818 738	970 793 567
Transportation services	30 753 619	15 071 931
	1 030 572 357	**985 865 498**
Export		
Sales	840 898 926	574 935 670
Transportation services	66 293 095	149 209 152
	907 192 021	**724 144 822**
TOTAL	**1 937 764 378**	**1 710 010 320**

4. Cost of sales

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

EGP	March 31, 2024	March 31, 2023
Raw materials	1 197 709 014	976 605 965
Manufacturing depreciation	52 260 129	51 166 578
Amortization of intangible assets	7 000 597	6 942 636
Amortization of right of use	1 868 420	1 473 483
Transportation cost	95 584 284	145 295 271
Overhead cost	65 964 871	74 413 291
TOTAL	**1 420 387 315**	**1 255 897 224**

5. General and administration expenses

The analysis of the Group's general and administration expenses for the period is as follows:

EGP	March 31, 2024	March 31, 2023
Professional fees	3 607 549	7 808 119
Salaries and wages	23 112 400	14 118 281
Security and cleaning services	970 692	267 998
Rentals	171 016	44 844
Transportation	1 600 847	1 173 502
Advertising	2 001 979	1 224 559
Administration depreciation	972 204	736 362
Other expenses	22 583 531	15 365 606
TOTAL	**55 020 218**	**40 739 271**

6. Finance costs

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

EGP	March 31, 2024	March 31, 2023
Loan interest expense	--	11 659 356
Finance lease	277 132	153 248
Credit facilities interest expense	24 398 190	13 060 375
Other finance costs	283 420	202 804
TOTAL	**24 958 742**	**25 075 783**

7. Compensation of key management personnel *

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

EGP	March 31, 2024	March 31, 2023
Board of directors salaries and allowance	15 454 247	8 131 984
TOTAL	**15 454 247**	**8 131 984**

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

8. Income taxes

8.1 Income tax expense recognised in profit or loss

EGP	March 31, 2024	March 31, 2023
CURRENT TAX		
Current tax expense for the current period	99 878 025	71 244 016
DEFERRED TAX		
Net deferred tax recognized in the current period	(48 340 041)	(23 203 224)
TOTAL INCOME TAX EXPENSE RECOGNIZED IN THE CURRENT PERIOD	**51 537 984**	**48 040 792**

8.2 Current tax liabilities

EGP	March 31, 2024	December 31, 2023
Current tax liabilities	316 593 921	216 715 896
CURRENT TAX LIABILITIES	**316 593 921**	**216 715 896**

8.3 Deferred tax balances

Deferred tax liabilities arise from the following:

31 March 2024 EGP	Opening balance	Recognized in profit or loss	Closing balance
(LIABILITIES):			
Temporary differences			
Property, plant & equipment	282 218 616	(1 347 040)	280 871 576
ASSETS:			
Unrealized Forex foreign exchange losses	--	(46 993 001)	(46 993 001)
NET DEFERRED TAX LIABILITY (NET)	**282 218 616**	**(48 340 041)**	**233 878 575**

31 December 2023 EGP	Opening balance	Recognized in profit or loss	Closing balance
(LIABILITIES)			
Temporary differences			
Property, plant & equipment	266 201 710	16 016 906	282 218 616
NET DEFERRED TAX LIABILITY	266 201 710	16 016 906	282 218 616

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, 2024	March 31, 2023
EARNINGS (for basic and diluted earnings per share)		
Profit for the period attributable to owners of the parent	152 639 268	241 772 500
Employees share in distributable profits	(3 290 313)	(2 526 395)
Distributable profit for the period	**149 348 955**	**239 246 105**
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	**0,39**	**0,63**

10. Property, plant and equipment (net)

EGP	Freehold land	Buildings and improvements	Vehicles	Machinery and equipment	Furniture and fixtures	Other installations	Computers and software	Total
COST								
Balance at January 1, 2023	50 243 436	669 653 224	61 826 691	2885 993 199	15 892 264	304 062 824	23 517 100	4 011 188 738
Additions	--	5 601 777	2 834 040	409 643	146 985	448 569	1 221 953	10 662 967
Adjustments	--	--	--	(217 255)	--	--	--	(217 255)
Balance at March 31, 2023	50 243 436	675 255 001	64 660 731	2886 185 587	16 039 249	304 511 393	24 739 053	4 021 634 450
Balance at January 1, 2024	50 243 436	695 148 822	67 485 657	2 903 406 606	17 375 697	308 453 384	28 093 778	4 070 207 380
Additions	--	12 687 108	2 471 253	2 321 627	831 087	--	240 530	18 551 605
Balance at March 31, 2024	50 243 436	707 835 930	69 956 910	2 905 728 233	18 206 784	308 453 384	28 334 308	4 088 758 985
ACCUMULATED DEPRECIATION								
Balance at January 1, 2023	--	330 340 343	37 240 898	1600 980 541	11 446 424	169 828 036	22 247 938	2 172 084 180
Depreciation expense	--	7 024 506	1 430 151	38 923 347	242 283	3 933 552	349 101	51 902 940
Adjustments	--	--	--	(217 255)	--	--	--	(217 255)
Balance at March 31, 2023	--	337 364 849	38 671 049	1 639 686 633	11 688 707	173 761 588	22 597 039	2 223 769 865
Balance at January 1, 2024	--	358 985 496	42 982 928	1762 441 704	12 553 665	185 879 501	23 756 987	2 386 600 281
Depreciation expense	--	7 262 912	1 708 672	39 183 360	280 935	4 088 113	708 341	53 232 333
Balance at March 31, 2024	--	366 248 408	44 691 600	1 801 625 064	12 834 600	189 967 614	24 465 328	2 439 832 614
CARRYING AMOUNT								
At March 31, 2024	50 243 436	341 587 522	25 265 310	1 104 103 169	5 372 184	118 485 770	3 868 980	1 648 926 371
At March 31, 2023	50 243 436	337 890 152	25 989 682	1246 498 954	4 350 542	130 749 805	2 142 014	1 797 864 585
At December 31, 2023	50 243 436	336 163 326	24 502 729	1 140 964 902	4 822 032	122 573 883	4 336 791	1 683 607 099

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

- The depreciation expense for the item of furniture and computers is included in the item of general and administrative expenses, Note (5) for the amount of EGP 972 204. The depreciation expense for the remaining assets is included in the cost of sales of Note (4) for the amount of EGP 52 260 129.

11. Assets under construction

EGP	March 31, 2024	December 31, 2023
Balance as of January 1	2 426 563	3 952 133
Additions	4 201 346	1 735 742
Transferred to fixed assets (Note no.10)	--	(3 261 312)
Balance as of March 31	6 627 909	2 426 563

12. Intangible assets (net)

EGP	Operating license	Electricity contract	Total
Cost			
Cost as of January 1, 2024	563 204 713	225 200 000	788 404 713
Cost as of March 31, 2024	563 204 713	225 200 000	788 404 713
Accumulated amortization			
Accumulated amortization as of January 1, 2024	(400 092 598)	(225 200 000)	(625 292 598)
Amortization for the period	(7 000 597)	--	(7 000 597)
Total accumulated amortization as of March 31, 2024	(407 093 195)	(225 200 000)	(632 293 195)
Net book value March 31, 2024	156 111 518	--	156 111 518
Net book value December 31, 2023	163 112 115	--	163 112 115

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 the 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 the 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 a joint venture (net)

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

Name of associate EGP	Place of incorporation	Proportion of ownership interest and voting power held by the Group	March 31, 2024	December 31, 2023
Andalus Reliance for Mining Company	Egypt	50%	780 000	780 000
Less: Impairment losses on investment in a joint venture			(780 000)	(780 000)
TOTAL			-	-

14. Inventories

EGP	March 31, 2024	December 31, 2023
Raw materials	70 798 830	69 890 570
Fuel	362 794 852	198 797 761
Packing materials	30 324 554	60 632 591
Spare parts	39 182 650	30 598 718
Work in progress	6 788 304	3 078 115
Finished goods	414 892 725	623 108 274
TOTAL	**924 781 915**	**986 106 029**

15. Trade receivables (net)

EGP	March 31, 2024	December 31, 2023
Trade receivables	798 675 199	233 758 013
Less: Expected credit loss	(5 142 081)	(5 142 081)
TOTAL	**793 533 118**	**228 615 932**

16. Debtors and other debit balances (net)

EGP	March 31, 2024	December 31, 2023
Advance to suppliers	217 025 192	146 800 831
Withholding tax	41 052 485	32 805 681
Prepaid expenses	39 132 425	18 471 694
Value added tax	2 881 728	3 183 686
Real estate tax	1 572 127	1 572 127
Deposit with others	3 418 453	3 418 453
Employees' dividends paid in advance	3 290 313	10 576 346
Letters of guarantee – cash margin	10 094 451	8 683 651
Unbilled receivables	10 786 716	19 713 183
Imprest funds	7 347 977	6 463 297
Other debit balances	401 534	73 276
Less: Impairment losses in debtors	(2 196 090)	(2 196 090)
TOTAL	**314 807 311**	**249 566 135**

17. Cash and bank balances

EGP	March 31, 2024	December 31, 2023
Cash in hand	6 563 466	6 194 632
Current account – local currency	326 538 497	470 090 068
Current account – foreign currency	125 386 685	35 934 708
Bank deposits	100 292 872	48 877 272
Restricted cash*	56 711 760	--
Total	**615 493 280**	**561 096 680**

* The balance represents restricted cash against inventory items shipping documents will be settled during the year.

18. Capital

EGP	March 31, 2024	December 31, 2023
Par value per share	2	2
Number of ordinary shares authorized, issued and fully paid	378 739 700	378 739 700
Issued capital	**757 479 400**	**757 479 400**

19. Legal reserve

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

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

20. Non-controlling interests

EGP	March 31, 2024	December 31, 2023
Balance at beginning of period	48 010	38 121
Profit attributable to non-controlling interest	7 993	9 889
Balance at end of period	**56 003**	**48 010**

21. Credit Facilities

	Current		Non-current	
EGP	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
First: Credit facilities				
Credit facilities – CIB	27 336 632	73 528 497	--	--
Credit facilities – NBE	38 076	16 545 438	--	--
Credit facilities – EG	--	338	--	--
Total Facilities	27 374 708	90 074 273	--	--

22. Trade and notes payable

	Current		Non-current	
EGP	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Local trade payables	300 972 283	328 397 359	--	--
Foreign trade payables	1 395 536 856	736 511 733	--	--
Notes payable*	3 598 884	2 755 518	1 145 067	1 788 996
Total	**1 700 108 023**	**1 067 664 610**	**1 145 067**	**1 788 996**

23. * 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 agreement in 2020 was reached whereby the company was charged by an amount of EGP 19 847 553, which was paid by notes payables until 2025 and is recognized at net present value. The undiscounted value of the notes payables obligation at the end of the period amounted to EGP 5 847 553.

24. Provision for claims

EGP	
Balance at January 1, 2024	**54 445 334**
Additional provisions recognized	3 455 000
Provisions used during the period	(300 000)
Balance at March 31, 2024	**57 600 334**

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

25. Creditors and other credit balances

EGP	March 31, 2024	December 31, 2023
Advances from customers	40 466 244	113 053 042
Accrued development fees	7 153 182	9 862 067
Accrued customers rebates	85 736 429	97 341 140
Accrued expenses	45 528 024	31 500 223
Retention	5 085 301	4 830 301
Accrued interest	249 313	--
Accrued taxes	28 744 453	40 087 197
Accrued revenue – Grant	10 622 482	10 959 070
Other	2 340 351	2 266 284
TOTAL	**225 925 779**	**309 899 324**

26. Related party transactions

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

			Amount of transaction	
EGP	Nature of relationship	Nature of transaction	March 31, 2024	March 31, 2023
Cementos La Union – Spain Company	Subsidiary of the parent	Services	--	1 191 104

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

EGP	Due from related parties	
	March 31, 2024	December 31, 2023
Cementos la Union – Spain Company	145 624	95 368
Total	145 624	95 368

27. Lease contract

27.1 Right of Use

EGP	Land & Buildings	Machinery and Equipment	Total
Cost			
Cost as of January 1, 2024	29 887 393	16 900 557	46 787 950
Addition during the period	764 966	--	764 966
Cost as of March 31, 2024	30 652 359	16 900 557	47 552 916
Less: Accumulated amortization			
Accumulated amortization as of January 1, 2024	16 985 887	16 900 557	33 886 444
Amortization for the period	1 868 420	--	1 868 420
Total accumulated amortization as of March 31, 2024	18 854 307	16 900 557	35 754 864
Net book value March 31, 2024	11 798 052	--	11 798 052
Net book value December 31, 2024	12 901 506	--	12 901 506

27.2 Lease liabilities

Lease liabilities recognized in the condensed consolidated statement of financial position

EGP	Current		Non-current	
	March 31, 2024	December 31, 2023	March 31, 2024	December 31, 2023
Lease liabilities	11 879 634	9 481 649	1 378 473	1 739 258
TOTAL	11 879 634	9 481 649	1 378 473	1 739 258

* The lease interest cost during period amounted to EGP 277 132 (refer to note 6)

Amount EGP	March 31, 2024	December 31, 2022
Beginning balance	11 220 907	13 135 634
Additions	764 966	7 400 643
Disposals	--	(784 140)
Unrealized foreign currency exchange losses	2 034 721	--
Interest expenses	277 132	1 296 489
Repayment of finance leasing	(1 039 619)	(9 827 719)
Ending Balances	13 258 107	11 220 907

27. Significant Events during the period ended March 31, 2024

- The Monetary Policy Committee of the Central Bank of Egypt decided at its meeting on February 1, 2024, to increase the overnight deposit and lending rates and the central bank's main operation rate by 200 basis points to reach 21.25%, 22.25% and 21.75%, respectively. The discount rate was also increased by 200 basis points to 21.75%.
- The Monetary Policy Committee of the Central Bank of Egypt decided at its meeting on March 6, 2024, to increase the overnight deposit and lending rates and the central bank's main operation rate by 600 basis points to reach 27.25%, 28.25% and 27.75%, respectively. The discount rate was also increased by 600 basis points to 27.75%.
- The Monetary Policy Committee of the Central Bank of Egypt decided at its meeting on March 6, 2024, to allow the exchange rate of the Egyptian pound to be determined according to market mechanisms.
- On March 3, 2024, Prime Minister's Decision No. (636) of 2024 that included the replacement of the provisions of some Egyptian Accounting Standards with amended ones. Below is the list of Egyptian Accounting Standards that were replaced with amended ones:
  - Egyptian Accounting Standard No. 32 "Impacts of changes in Foreign Currency Exchange Rates"
  - Egyptian Accounting Standard No. 17" Separate Financial Statements"
  - Egyptian Accounting Standard No. 34 "Real Estate Investment"
  - The Decree also introduced the Accounting Interpretation No. 2 "Certificates of Reducing Carbon Emissions".

28. Significant subsequent events for the date of the condensed consolidated interim financial statements

On 23 May, 2024, the Prime Minister issued the Ministerial Decree No. 1711 for the year 2024 to amend some provisions of the Egyptian Accounting Standards by adding annex (E) to the Egyptian Accounting Standard No. 13 "The Effects of Changes in Foreign Exchange Rates". The annex aims to introduce a special and optional accounting treatment for the implications resulted from the movement of the foreign currency exchange rates. The special accounting treatment that is introduced in this annex is not considered an amendment to the Egyptian Accounting Standards that are currently in place. The annex includes the following two options:

First option:

Applying the provisions of the amended Egyptian Accounting Standard No. 13 "The Effects of Changes in Foreign Exchange Rates" that was issued in 2024. When applying the amended Egyptian Accounting Standard No. 13, the entity should not restate comparative information. Instead:

A) When the entity reports foreign currency transactions in its functional currency, and, at the date of initial application (which is the beginning of the annual reporting period in which an entity first applies the amendments), concludes that its functional currency is not exchangeable into the foreign currency or, if applicable, concludes that the foreign currency is not exchangeable into its functional currency, the entity should, at the date of initial application:

1) Translate affected foreign currency monetary items, and non-monetary items measured at fair value in a foreign currency, using the estimated spot exchange rate at that date; and

2) Recognize any effect of initially applying the amendments as an adjustment to opening retained earnings.

B) When the entity uses a presentation currency other than its functional currency, or translates the results and financial position of a foreign operation, and, at the date of initial application, concludes that its functional currency (or the foreign operation's functional currency) is not exchangeable into its presentation currency or, if applicable, concludes that its presentation currency is not exchangeable into its functional currency (or the foreign operation's functional currency), the entity should, at the date of initial application:

1) Translate affected assets and liabilities using the estimated spot exchange rate at that date;

2) Translate affected equity items using the estimated spot exchange rate at that date if the entity's functional currency is hyperinflationary and recognize any effect of initially applying the amendments as an adjustment to the cumulative amount of translation differences, accumulated in a separate component of equity.

Second option:

Setting additional option to paragraph (28) of the Egyptian Accounting Standard No. 13 "The Effects of Changes in Foreign Exchange Rates" which requires the recognition of the foreign exchange differences in the statement of profit or loss for the period in which they incur. Alternatively, an entity that has outstanding liabilities in foreign currency on the date of the movement of the exchange rates that are related to:

- Preparty, plant, and equipment or investment property or intangible assets (other than goodwill) or mining assets or and right of use assets for lease contracts, to recognize within the cost of those assets the debit currency differences resulting from the paid part of these obligations during the financial period of applying this special accounting treatment in addition to the foreign currency differences resulting from translating the remaining balance of these liabilities as at March 6, 2024 or at the end of the closing date of the financial statements for the financial period of applying this special accounting treatment.
- Also, this treatment permits an entity to recognize foreign exchange gain or loss resulting from the revaluation of monetary balances in foreign currencies that are outstanding as at March 6, 2024 or at the end of the closing date of the financial statements for the financial period of applying this special accounting treatment to be recognized in the statement of other comprehensive income.

And the Management of the Company have opted not to apply the optional amendments for Egyptian Accounting Standard No. 13 "The Effects of Changes in Foreign Exchange Rates" as mentioned-above.

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