Misr Cement (Qena) Company (SAE)
Cairo - Egypt

Consolidated Interim Financial Statements
For the Period ended 30 June 2021
And Auditor's Limited Review Report

شركة مصر للأسمنت قنا ش.م
وارد رقم ٥١٢
تاريخ ١١/ ٨/ ٢٠٢١ مرفقات
فرع القاهرة

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KRESTON
EGYPT
Tamer Nabarawy & Co.

Limited Review Report

To: The chairman and members of the board of directors of MISR CEMENT (QENA) COMPANY (S.A.E) (Egyptian Joint Stock Company)

Introduction

We have performed a limited review for the accompanying consolidated interim financial statements of Misr Cement (Qena) Company (S.A.E) which comprise the consolidated interim financial position as of 30 June 2021and the related consolidated interim statements of income, consolidated interim other comprehensive income, consolidated interim change of shareholders' equity and consolidated interim cash flows for the six 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 consolidated interim financial statements in accordance with the Egyptian Accounting Standards. our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with the Egyptian Standard on Review Engagements 2410, "limited review of consolidated interim financial statements performed by the Independent Auditor of the entity". A limited review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for Financial and accounting matters in the company and applying analytical and other limited review procedures. A limited 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 consolidated interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the companying consolidated interim financial statements do not present fairly, in all material respects the consolidated interim financial position of Misr Cement (Qena) Company (S.A.E) as at 30 June 2021and of financial performance and its cash flows for the six months then ended in accordance with the Egyptian accounting standards.

Cairo, August 11,2021

Auditor

KRESTON EGYPT
Tamer Nabarawy & Co.
Accountants & Consultants

Gomaa Farag
Financial Regulatory Authority
Register Number (345)
Tamer Nabarawy and Co.
Kreston Egypt

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CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

Assets	**Notes**	**30 June 2021**	**31 December 2020**
Non-current Assets		**EGP**	**EGP**
Fixed assets – Net	(5)	2 125 376 954	2 194 036 037
Projects under construction	(6)	99 971 376	90 545 793
Investments Available for sale	(7)	1	1
Investments in associates	(8)	15 504 427	16 341 428
Goodwill		481 159 424	481 159 424
Intangible assets	(9)	231 664 250	236 450 303
Deferred tax assets	(18)	15 387 081	15 387 081
Total non-current assets		**2 969 063 513**	**3 033 920 067**
Current assets			
Inventory	(10)	616 726 274	580 857 168
Accounts receivable and notes receivable	(11)	64 170 444	51 521 628
Debtors and other debit balances	(12)	240 136 807	199 879 481
Cash on hand and at banks	(13)	146 952 292	86 147 932
Total current assets		**1 067 985 817**	**918 406 209**
Total assets		**4 037 049 330**	**3 952 326 276**
Equity			
Issued & paid up capital	(14)	720 000 000	720 000 000
Reserves	(15)	201 895 457	199 526 661
Retained earnings		406 176 987	400 198 968
Net profit for the period/year		61 415 615	33 849 273
Total equity (company's shareholders)		**1 389 488 059**	**1 353 574 902**
Non- controlling shareholders interests	(16)	433 298 822	425 608 684
Total equity		**1 822 786 881**	**1 779 183 586**
Non-current liabilities			
Long term loans	(17)	521 432 541	496 822 102
Accrued Land operating lease		34 965 709	33 744 230
Deferred tax liabilities	(18)	334 641 538	335 019 177
Total non-current liabilities		**891 039 788**	**865 585 509**
Current liabilities			
Provisions	(19)	69 440 664	68 966 905
Credit facilities	(20)	56 162 539	80 646 375
Current portion of long term loans	(17)	328 362 833	470 917 851
Suppliers and notes payable		594 456 893	467 411 325
Receivables – advanced payments		116 259 538	62 702 414
Creditors and other credit balances	(21)	138 743 484	136 470 971
Accrued income tax	(26)	19 796 710	20 441 340
Total current liabilities		**1 323 222 661**	**1 307 557 181**
Total liabilities		**2 214 262 449**	**2 173 142 690**
Total equity and liabilities		**4 037 049 330**	**3 952 326 276**

- The accompanying notes are an integral part of the Consolidated Interim financial statements.
- Limited review report attached.

Managing Director
Tarek Talaat Ahmed

Chief Financial Group
Ahmed Abdel Hamid Emam

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CONSOLIDATED INTERIM STATEMENT OF INCOME (Profit and Loss)

	Notes	First Six Months		Second Three Months	
		30 June 2021	30 June 2020	30 June 2021	30 June 2020
		EGP	EGP	EGP	EGP
Net Sales		1 285 027 272	1 345 616 579	572 289 228	529 928 125
(Less)					
Cost of Sales	(22)	(1 063 815 138)	(1 125 428 037)	(459 034 251)	(441 464 817)
Gross Profit		**221 212 134**	**220 188 542**	**113 254 977**	**88 463 308**
Selling and marketing expenses	(23)	(10 887 695)	(9 618 260)	(2 498 219)	(5 014 388)
General and administrative expenses	(24)	(71 461 702)	(66 859 174)	(39 080 447)	(36 723 369)
Other Revenues	(25)	1 228 259	3 867 863	663 914	2 391 428
Other expenses		(2 917 503)	(393 326)	(2 705 146)	(196 663)
Provisions charged		(473 759)	--	--	--
Total		**(84 512 400)**	**(73 002 897)**	**(43 619 898)**	**(39 542 992)**
Net operating Income		**136 699 734**	**147 185 645**	**69 635 079**	**48 920 316**
Add/(Less)					
Financial expenses		(50 087 371)	(76 521 169)	(23 460 859)	(33 715 632)
Capital Gains		--	5 129 621	--	5 096 087
Foreign currency exchange		(320 390)	(282 191)	191 458	(51 514)
Credit interest		2 713 638	4 973 521	1 410 338	2 450 842
Net profits for the period before Income Taxes		**89 005 611**	**80 485 427**	**47 776 016**	**22 700 099**
(Less)					
Income Tax	(26)	(20 277 459)	(13 737 624)	(9 758 436)	(4 014 893)
Deferred Tax		377 639	(3 496 725)	165 115	(2 031 814)
Net profits after income taxes and before non-controlling shareholders' profits		**69 105 791**	**63 251 078**	**38 182 695**	**16 653 392**
Distributed as follow:-					
Controlling shareholders' profits		61 415 615	52 305 333	32 467 694	14 418 838
Non-controlling interest (losses)		7 690 176	10 945 745	5 715 001	2 234 554
		69 105 791	**63 251 078**	**38 182 695**	**16 653 392**

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	First Six Months		Second Three Months	
	30 June 2021	*30 June 2020*	*30 June 2021*	*30 June 2020*
	EGP	EGP	EGP	EGP
Net profits for the period after Taxes	69 105 791	63 251 078	38 182 695	16 653 392
Add :				
Other Comprehensive income	--	--	--	--
Comprehensive income for the period	69 105 791	63 251 078	38 182 695	16 653 392
Distributed as follow :				
Controlling shareholders 's profits	61 415 615	52 305 333	32 467 694	14 418 838
Non-controlling shareholders 'interest profits	7 690 176	10 945 745	5 715 001	2 234 554
	69 105 791	63 251 078	38 182 695	16 653 392

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)NSOLIDATED INTERIM STATEMENT OF CHANGE IN EQUITY

Controlling shareholder's interests

30 June 2020	Issued & Paid up Capital	Reserves	Retained earnings	Net Profit for the Period	Total	Non- controlling shareholders interest	Total Equity
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
nce as of 1 January 2020	**720 000 000**	**197 764 472**	**394 117 673**	**34 671 110**	**1 346 553 255**	**436 443 144**	**1 782 996 399**
sferred to retained earnings	--	--	34 671 110	(34 671 110)	--	--	--
sferred to reserves	--	1 762 189	(1 762 189)	--	--	--	--
lends distribution	--	--	(25 563 605)	--	(25 563 605)	(81)	**(25 563 686)**
l Comprehensive income for the period	--	--	--	52 305 333	52 305 333	10 945 745	**63 251 078**
nce as of 30 June 2020	**720 000 000**	**199 526 661**	**401 462 989**	**52 305 333**	**1 373 294 983**	**447 388 808**	**1 820 683 791**
30 June 2021							
nce as of 1 January 2021	**720 000 000**	**199 526 661**	**400 198 968**	**33 849 273**	**1 353 574 902**	**425 608 684**	**1 779 183 586**
sferred to retained earnings	--	--	33 849 273	(33 849 273)	--	--	--
sferred to reserves	--	2 368 796	(2 368 796)	--	--	--	--
lends distribution	--	--	(25 502 458)	--	(25 502 458)	(38)	**(25 502 496)**
l Comprehensive income for the period	--	--	--	61 415 615	61 415 615	7 690 176	**69 105 791**
nce as of 30 June 2021	**720 000 000**	**201 895 457**	**406 176 987**	**61 415 615**	**1 389 488 059**	**433 298 822**	**1 822 786 881**

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CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Notes	*30 June 2021*	*30 June 2020*
		EGP	EGP
Cash Flows From Operating Activities			
Net Profits before income taxes		89 005 611	80 485 427
Adjustments to reconcile net profit to cash flows			
Depreciation of fixed assets	(5)	71 792 447	72 148 054
Amortization of intangible assets	(9)	4 786 053	3 783 434
Exchanged Foreign currency		320 390	282 191
Capital gains		--	(5 129 621)
Provision charged during the period		473 759	--
Financial expenses		50 087 371	76 521 169
Credit interests		(2 713 638)	(4 973 521)
Operating profits before changes in current assets and current liabilities		**213 751 993**	**223 117 133**
Change in inventory	(10)	(35 869 106)	(31 544 880)
Change in accounts receivables and notes receivables	(11)	(12 648 816)	(1 862 342)
Change in land operating lease accrued		1 221 479	1 221 480
Change in debtors and other debit balances	(12)	(40 182 183)	20 142 167
Change in receivables – advance payments		53 557 124	(5 741 154)
Change in suppliers and notes payable		162 967 208	5 042 178
Change in creditors and other credit balances	(21)	(51 935 269)	(90 687 936)
Cash flows from operating activities		**290 862 430**	**119 686 646**
Paid Income taxes	(26)	(20 922 089)	(21 930 682)
Used from provision		--	(74 600)
Net cash from operating activities		**269 940 341**	**97 681 364**
Cash flows from investing activities			
Payments for purchase fixed assets and projects	(5)	(12 558 949)	(3 710 588)
Proceeds from sale of fixed assets	(5)	--	1 620 000
Dividends from Investments in associates		837 001	1 188 000
Credit interest collected		2 638 497	5 084 960
Change in Time deposits (maturing after three months)	(13)	3 853 307	1 351 000
Net cash from investing activities		**(5 230 144)**	**5 533 372**
Cash flows from financing activities			
Change in credit banks		(24 483 836)	--
Paid debit interests		(50 866 538)	(79 069 576)
Change in loans	(17)	(117 944 579)	(28 895 231)
Dividends distribution paid		(6 437 187)	(26 422 062)
Net cash flow financing activities		**(199 732 140)**	**(134 386 869)**
Net changes in cash and cash equivalents		**64 978 057**	**(31 172 133)**
Exchange Foreign currency		(320 390)	(282 191)
Cash and cash equivalent – beginning of the period		82 294 625	181 656 465
Cash and cash equivalent – end of period		**146 952 292**	**150 202 141**

- The accompanying notes are an integral part of the Consolidated Interim financial statements.

Managing Director
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Notes to the Consolidated Interim Financial Statements`

1. About the Company

1.1. Company's Background

- MISR CEMENT CO, (QENA) COMPANY (S.A.E) was established under the provisions of Law No, 159 of 1981 and its executive regulations, The company was registered in commercial registry under No, 45832 Qena in May 25, 1997,The initial contract and the statute of the company was published in companies document issue No, 2096 in November, 1997.

1.2. Company's purpose

- The production of Cement in its different forms and other by products ,the production and trading of other construction materials and construction supplies, So in order to attain its purpose the company may import the necessary equipment ,The company may participate in any ways with other companies in conducting similar activities which may help in achieving its purpose in Egypt or abroad, And it also may merge with previously stated bodies or acquire them in accordance with the provision of laws and its executive regulations.
- MISR CEMENT CO, (QENA) COMPANY (S.A.E) assigned the technical management, operation and maintenance of the factory, as well as business consulting for the operation of the quarry to the Arab Swiss Engineering "ASIC ".
- MISR CEMENT CO, (QENA) COMPANY (S.A.E) assigned operation and supply of raw materials, as well as the work of cutting and indexing of limestone quarry to ASEC Company for Mining " ASCOM" .

1.3. The Company's Location

- The head office is located in the city of Qeft in Qena Governorate.

1.4. The company duration

- The duration of the company is 25 years starting from the date of the registration in the commercial register.

1.5. Financial year

- The company begins from 1 January and ends at the end of December of each year.
- The company is registered on both Cairo and Alexandria Exchange Market.

1.6. Approval of the financial statements

- The consolidated Interim Financial Statements of the Company for the period ended 30 June 2021 were authorized for issuance in accordance with a resolution of the board of directors on August 11, 2021.

Background for the subsidy companies owned by MISR CEMENT COMPANY (QENA) (S.A.E)

Following is a background on the subsidiary companies owned by Misr Cement Company including the direct and indirect percentage of ownership for Misr Cement Company in the subsidies as follows:

	Investment nature	30 June 2021	31 December 2018	1 November 2015
		%	%	%
ASECO READY MIX (S.A.E)	Direct	99.9	99.9	45
MINYA PORTLAND CEMENT (S.A.E)	Direct	60.36	60.36	13.88
QENA FOR MAINTENANCE	Indirect	99.8	--	--

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1. **About the Company (follow)**

1.6. Approval of the Interim Financial Statements (follow)

ASECO READY MIX (S.A.E)

- ASECO READY MIX (S.A.E) was established in Egypt under Law No. 8 of 1997 and its executive regulations. The company was registered in commercial registry under No.41747 Cairo at 20 October 2009.
- On 26 March 2016 the extraordinary general assembly meeting decided to relocate the company's head office to 22 street Anwar Mofty – Tiba 2000 – Nasr city – Cairo and the management taken process to change in commercial registry dated on December 6, 2016 .
- The duration of the company is 25 years starting from the date of the registration in the commercial register.
- The purpose of the company is to establish and operate factory to produce the Cement and concrete products.
- Based on the decision of the Extraordinary General Assembly held on November 11, 2018, the name of the company, ASECO READY MIX, has been amended, and this was indicated in the Commercial Registry on January 21, 2019.
- The percentage of ownership for MISR CEMENT COMPANY (S.A.E) Company in ASECO READY MIX (S.A.E) is 45%.
- In 1 November 2015, MISR CEMENT COMPANY (S.A.E) acquired ASECO READY MIX by purchasing 208 998 shares in which represents 54.9%, resulting in goodwill amounts to EGP 42,984,816 represents the difference in the investment cost amounts to EGP 70,631,716 54.9% from the ASECO FOR CEMENT COMPANY's total net assets in the acquisition date amounts to EGP 27,646,900.
- The goodwill was recorded under the long-term assets in the consolidated Interim Financial Statements and the goodwill is tested for impairment regularly and in the case of impairment the losses will be allocated in the consolidated statement of profits and losses.
- As so, the percentage of ownership for MISR CEMENT COMPANY (S.A.E) in ASECO READY MIX COMPANY (S.A.E) became 99.9%.

MINYA PORTLAND CEMENT (S.A.E)

- ARAB NATIONAL COMPANY FOR CEMENT (S.A.E) was established according to Law No. 8 of 1997 and its executive regulations number 669 for the year 2006.The Company was registered in commercial registry under No, 19045 Cairo on 1 June , 2006.
- On 22 March 2016 the extraordinary general assembly meeting decided to relocate the company's head office to 22 street Anwar Mofty – Tiba 2000 – Nasr city – Cairo and the management taken process to change in Commercial registry is pending.
- The purpose for the company is to establish and operate factory to produce all types of cement and use the quarry's materials and produce construction materials, also manufacturing the necessary packages for the company's products.
- In 30 December 2012 the extraordinary general assembly meeting decided to change the company's name to be Minya Portland Cement instead of ARAB NATIONAL COMPANY FOR CEMENT (S.A.E) and the name was changed in the company's journal and the commercial register in 2 October 2013.
- Based on the decision of the extraordinary general assembly meeting dated on November 22, 2020 the company's name changed to Minya Portland cement (S.A.E) and the company was registered in commercial registry under No.10253 dated on March 4,2019.
- The percentage of ownership for Misr Cement company (S.A.E) in PORTLAND EL Company (S.A.E) amounts to 13.88%.
- In 1 November 2015 Misr Cement Company (S.A.E) acquired 44 872 676 shares in ASECO Company (S.A.E) which represents 46.48% from the total shares for the company, resulted in a goodwill balance amounts to EGP
- Based on the decision of the extra-ordinary assembly meeting dated on Novmber22, 2018. The company name changed to Minya Portland Cement.

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MINYA PORTLAND CEMENT (S.A.E) (Follow)

- 438,174,608 which represents the difference between the investment cost amounts to EGP 932,844,955 and 46.48% of the total net assets for PORTLAND COMPANY (S.A.E) in the acquisition date amounts to EGP 494,670,347.
- The goodwill balance was recorded in the consolidated Interim Financial Statements in the non-current assets section and it is tested for impairment in the consolidated Interim Financial Statements regularly and in the case of loss in the goodwill it is recorded in the consolidated financial statements.
- As so the percentage of ownership for Misr Cement Company (S.A.E) in Minya Portland Cement (S.A.E) became to 60.36%.

2. Basis For financial statement 's preparation

2.1 Basis of consolidating the financial statements

- The consolidated Interim Financial Statements are prepared by consolidating the Interim Financial Statements of the Holding Company and its subsidiaries through collecting similar items of assets, liabilities, equity, revenue and expenses.
- Investment in subsidiaries was eliminated from holding company for consolidated purpose.
- Unrealized intercompany transactions are eliminated for consolidated purpose.
- Non-Controlling shareholders in net assets and net income of subsidiaries controlled by the parent company is recorded in a separate account within the Equity in the consolidated Interim Financial Statements and is calculated by their share in the book value of net assets of subsidiaries.

The acquisition cost was distributed as follows:

1. The fair value of assets and liabilities in the acquisition date of investment and within the limits of the share of the parent company that was acquired on that date
2. The increase in the aquisition cost over the parent company share in equity of the subsidiaries companies are recognized as goodwill.

2.2 Following Polices and regulations

- The consolidated Interim Financial Statements are prepared according to the Egyptian accounting policies and regulations.

2.3 The presented and disclosed currency

The Interim Financial Statements are presented in the Egyptian pound which is the same currency of transactions and the main and significant activities in the company.

2.4 Basis of measurement

The Interim Financial Statements are prepared accorded to the historical cost principle

3. Significant accounting estimates and personal judgments

3.1 The significant estimates and assumptions

The preparation of Interim Financial Statements according to the Egyptian accounting standards requires that management uses personal judgments and making estimates and assumptions that can affect the application of policies and the values of assets and liabilities also revenues and expenses. The estimates and assumptions are evaluated based on past experience and some other factors including the expected future events that fit these circumstances.
These estimates and assumptions are reviewed annually and any differences in the accounting estimates are recognized in the year in which these estimates are changed, and if these differences affect the year in which these changes are made and future years, these differences are recorded in the year in which the adjustments are made and the future years. The most significant estimates and assumptions the company uses are as follows:

3.1 The significant estimates and assumptions (Follow)

a. Income tax

The Company is subjected to corporate income tax. The Company estimates the income tax provision by using expert's advice. In case of any difference between any of the final and preliminary results, these differences will affect the income tax and deferred income tax provision in these years.

b. Impairment of receivables

The evaluation in the value of receivables is made through debt aging. The Company management is studying the credit position and the ability of payments of the customers who their numerous debts are due during the credit limit granted to them and the impairment is recorded with the value of the due amounts on the customers who the Company management indicate that their credit position do not allow them to pay their liabilities.

c. Useful lives of fixed assets

The estimated useful life is depending on estimation and personal judgment based on the experience of the Company with similar fixed assets taking into consideration the estimated usage of the asset and number of working shifts and technical limitations. Residual values and useful lives of assets are reviewed on annual basis.

d. Impairment of Inventory

The company's management reduces the obsolete and low turn-over inventory into its net ordinary value based on special reports about its usage and future benefits.

3.2 Significant personal judgments in applying the Company's accounting policies

Applied accounting policies do not require from management is personal judgment which may have a significant impact on the value recognized in the financial statements.

3.3 Fair value measurement

a. The fair value of financial instruments is identified according to the market value of the financial instruments or similar financial instruments on the date of the financial statements. The value of the financial assets is identified by their replacement cost, while the value of the financial liabilities is identified by the current prices that can settle these liabilities.
b. In case there is no active market to determine the fair value of the financial instruments the fair value is estimated using different valuation methods taking in consideration the prices of recent transactions and using the current fair value of other significantly similar Instruments-Deducted cash flow method- or any other evaluation method results in values on which we can depend.
c. When using the deducted cash flow method as a method of evaluation the future cash flow is estimated based on the best estimates by management. And the used deduction rate is identified based on the prevailing price in the market in the date of the Interim Financial Statements of instruments similar in nature and conditions.

4. Significant accounting policies

The accounting policies set out below have been applied consistently to all years presented in these financial statements.

4.1 Foreign currencies translation

Transaction in foreign currencies are initially recorded using the exchange rate prevailing on the date of the transaction.
Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the balance sheet date, all differences are recognized in the statement of income .
Non – monetary items that are major are historical cost in foreign currencies are translated using the exchange rate prevailing at the date of the initial recognition.

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4.2 Fixed assets and its Depreciation

a. The first recognition and initial measurement

Fixed assets are stated at the historical cost after deducting accumulated depreciation and accumulated impairment losses.

b. Subsequent Cost

Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met, Likewise, when major improvements are performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied, All other repair and maintenance costs are recognized in the statement of profit or loss as incurred.

c. Depreciation

Depreciation is determined based on the fixed assets less salvage value as residual value at the end of estimated useful life.
The Salvage value of asset is the net amount currently expected to be obtained as a result of Disposal, if it is in the expected condition at the end of its useful life.
The depreciation amount is carried on the income statement according to the straight line method by the useful life estimated to each kind of fixed assets except land that not depreciated, the depreciation of fixed assets are depreciated according to the following rates:

Assets	Depreciation rate
Buildings, constructions and facilities	5% - 6.6%
Machinery and equipment	5% - 10%
Motor vehicles	20%
Tools	10%
Furniture, fixtures and office equipment	10% - 50%

4.3 Projects under construction

Projects under construction represent the amounts that are incurred for constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets, Projects under construction are valued at cost less impairment.

4.4 Intangible assets

- Intangible assets are started at the historical cost and the historical cost deducts of accumulated amortization and accumulated impairment losses.

4.5 Financial Leased Assets

The original (usufruct) asset and a commitment to lease contracts are recognized at the start date of the lease, whereby the lease contract commitment is measured at the present value of unpaid rental payments on that date, discounted using the interest rate on the additional borrowing of the company, and results in financing expenses in accordance with Accounting Standard No. (49) for the year 2019.

4.6 Investments in associates

Investments in associates are recorded at equity method is applied to account for investments associates, whereby, investments are recorded based on the equity method including any goodwill, deducting any impairment losses.

4.7 Investments available for sale

These assets are initially measured at cost. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in other comprehensive income and accumulated in the fair value reserve. When these assets are de-recognized, the accumulated gain or losses in equity is reclassified as profit or losses – if the company cannot estimate the fair value, it can be stated at cost less impairment.

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4 Significant accounting policies (follow)

4.8 Inventory

The Inventory elements are valued as follows:

a. Raw materials, gasoline, diesel fuel, packaging and spare parts: at the lower of cost (using the weighted average method) or net realizable value.
b. Work in progress: at the lower of the cost of production based on the cost sheets or net realizable value.
c. Finished goods: at the lower of the cost of production based on the cost sheets or net realizable value.

Cost of production includes unit's share of direct materials, direct labor and both direct and indirect overheads.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

The amount of any write down of inventories to net realizable value and all losses of inventories shall be recognized in cost of sales in the statement of Income statement in the year the write down or loss occurs, The amount of any reversal of any write down of inventories, arising from an increase in net realizable value, shall be recognized as reduction of cost of sales in the statement of Income statement in the year in which the reversal occurs.

4.9 Revenue

A. Sales

Revenue from sale is recognized at the fair value after deducting returns, commercial and quantity discounts. The revenues are recognized at the transfer of risks and returns of goods to the purchaser and at the presence of enough expectation about the flow of economic benefits in the sale transaction and in case of the company didn't hold the right of continuous managerial interference on goods to the purchaser at the receipt of goods, and in case of exporting the risks and returns of sold goods ownerships are identified based on the freight conditions as the revenue usually recognized when the goods are loaded on the truck.

- **Sale of goods (Local)**

  Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

- **Sale of goods (Export)**

  Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods according to contract terms.

B. Distributed dividends

Revenue is recognized when the company's right to receive the payment is established.

C. Interest income

Revenue is recognized as interest incurred using the effective interest method.

4.10 Impairment in value of Non-current assets

-Financial assets

A financial asset is considered to be impaired if evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.
An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis, all impairment losses are recognized in income statement. Impairment losses are reversed in the income statement when there is evidence supporting reversing the impairment losses.

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4. Significant accounting policies (follow)

4.10 Impairment in value of Non-current assets (follow)

-Non-financial assets

The Company's non-financial assets, other than, Assets arising from construction contracts and inventories are reviewed to determine whether there is any indication of impairment, If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less its selling costs. The previously recognized impairment losses for other assets are reviewed in the date of the financial statements. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.11 Provisions

A provision is recognized in the balance sheet when the Company has a present or legal or constructive obligation as a result of past events, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are reviewed at the date of preparing the Interim Financial Statements and adjusted when necessary to show its best estimate.

4.12 Taxes

A. Income Tax

Income tax is a tax on the Company's profit and is calculated according to the relevant laws, regulations, and instructions that are currently being implemented in this regard while using the prevailing income tax at the date of preparing the balance sheet. The tax on income should be reflected in income statement.

B. Deferred taxes

Deferred tax occurs to reflect the existence of some temporary differences due to the difference in time frames when the current value of assets and liabilities are recognized between the prevailing taxation principles and accounting principles that are adhered to when preparing the financial statement.
The deferred tax is determined according to the prevailing method used to settle the present value of assets and liabilities. It should be taken into account that the deferred tax maybe considered an asset of the company if there is a possibility that it may be used to reduce the accrued tax profits of the company for future years, and the amount of the deferred tax considered as an asset of the company is reduced by the amount that may not be off-set against future taxes.

4.13 Receivables, notes receivable, debtors and other debit balances and suppliers' advanced payment

Receivables, notes receivable, debtors and other debit balances and suppliers' advanced payments are stated at the original invoice amount net of any impairment losses that is expected not to be collected by the company.

4.14 Related party transactions

Transactions with related parties are recorded in the same way as its normal operations according to the conditions stated by the company's management and on the same basis as transactions with others.

4.15 Treasury shares

Treasury shares are initially measured at cost value and are deducted from the equity in balance sheet.

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4. Significant accounting policies (follow)

4.16 Legal reserve

According to the Company's articles of association, 5% of the net profits of the year are transferred to the legal reserve until this reserve reaches 50% of the issued capital, when the reserve falls below that limit the company should start deducting it again.

4.17 General reserve

The general reserve is formed from the company's profit in the previous year`s according to the general assembly meeting resolution; This reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors and the interest of company.

4.18 Capital reserve

The capital reserve is formed by the amount of capital gains and the fixed assets endowed to the company.

4.19 Borrowing

Borrowings are initially recognized at the received value of the consideration received. Amounts maturing within a year are classified as current liabilities, unless the Company has the right to postpone the settlement for a year exceeding one year after the balance sheet date, then the loan balance should be classified as long term liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.
Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance cost in the income statement.

4.20 Expenses

All expenses including cost of sales, selling and marketing expenses, general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

4.21 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended use or sale are capitalized as part of the cost of the assets. All other borrowing costs are expensed in the year in which they are incurred. The borrowings costs are represented in interest and other finance costs that company pay to obtain the funds.

4.22 Pension plan for employees

The company pays its share in the social security according to social security law No, 79 for the year 1975 and its amendments , and its included in salaries and wages account in the income statement on accrual basis.

4.23 The Contingents Liabilities and Commitments

Contingent liabilities of which the company is part of as well as off-balance sheet commitments which don't represent actual assets or liabilities at the date of financial statements.

4.24 Dividends

Dividends are recognized as an obligation in the year which the declarations of distributions are made.

4.25 Cash Flow Statement

The cash flow statement is prepared according to the indirect method.

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4. **Significant accounting policies (follow)**

4.26 Cash and cash equivalent

Cash and cash equivalents include cash on hand and at banks, time deposits accrued within three months and deducting from it time deposits accrued after three months and letter of grantees cover also the current bank accounts(credit balances).

4.27 Comparative Figures

The comparative figures were reclassified to comply with current figures.

4.28 Earnings per share

The company presented the data related to the basic share of its regular shares. Earnings per share is calculated by dividing the company's profits on the number of ordinary shares of the company by the weighted average of the number of shares during the year.

4.29 Capital management

- The Board of Director's policy is to always maintain a strong capital base to maintain investor, creditors and market confidence and to sustain future development of the business.

- The board of directors aims to make a balance between the highest interest rates available with reasonable terms and conditions to maintain a healthy capital structure.

4.30 Fair value of financial instruments

The financial instruments is represented in the company's financial assets and liabilities and the financial assets include the account receivables, notes receivables and other debt balances and cash on hand and at bank also the financial liabilities include customers advanced payments, contractors, accounts and notes payable and other credit balances.
According to the basis of evaluation followed in evaluating the company's assets and liabilities which is present in the disclosure footnotes of the financial statements, the fair value of the financial instruments doesn't differ significantly from its book value at the date of the preparation of the financial statements.

4.31 Financial instruments and risk management related

The company's financial instruments are balances of bank accounts, cash in hand, Receivables & Notes Receivables, Debtors & other debit balances, creditors and other credit balances. The following shows the risks related to the financial instruments and the procedures continued by the company to minimize the effect of such risks:

A. Credit risk

This risk is represented in the disability of clients to pay their outstanding liabilities, this risk is considered limited as the clients have a solid credit history.

B. Liquidity risk

The liquidity risk is represented by factors that impact the repayment of amount or all of the company's commitment according to the company's policy the suitable policies are taken to decrease the risk level to the minimum.

C. Interest rate risk

Interest rate risk is represented in the change in value of financial instrument due to the fluctuation of the market interest rates. This risk is considered limitied as the company depends on its own resources in financing its financial needs to pay its current obligations and finance the fixed assets.

D. Foreign currency risk

The foreign currency risk is the fluctuation of currency exchange rates since that affect the company's open receivables and payables balance in foreign currency also asset and liability evaluation in foreign currency. Also as it is indicated in note(4-1) the assets and liabilities in foreign currency are evaluated using the official rate in the date of preparing the financial statements.

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Fixed assets

June 2021	Land EGP	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture, Fixtures and computers EGP	Enhancements of Rental Places EGP	Total EGP
st at 1 January 2021	7 543 974	1 021 682 688	2 321 926 905	112 257 846	13 894 694	30 772 138	1 604 342	**3 509 682 587**
litions during the period	--	598 276	1 920 722	--	2 300	527 083	84 985	**3 133 366**
st at 30 June 2021	**7 543 974**	**1 022 280 964**	**2 323 847 627**	**112 257 846**	**13 896 994**	**31 299 221**	**1 689 327**	**3 512 815 953**
:umulated Depreciation at 1 uary 2020	--	292 143 852	922 821 333	64 892 089	7 166 528	27 151 178	1 471 572	**1 315 646 552**
ɔreciation for the period	--	16 194 544	50 024 536	4 193 823	461 196	863 495	54 853	**71 792 447**
:umulated Depreciation at June 2021	--	**308 338 396**	**972 845 869**	**69 085 912**	**7 627 724**	**28 014 673**	**1 526 425**	**1 387 438 999**
: book value 0 June, 2021	**7 543 974**	**713 942 568**	**1 351 001 758**	**43 171 934**	**6 269 270**	**3 284 548**	**162 902**	**2 125 376 954**

This balance includes the recording of assets that fully depreciated and still used which is reprehensive in:-

	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture, Fixtures and computers EGP	Leasehold improvements EGP	Total EGP
Depreciated asset that still used	16 665 306	23 265 730	14 363 127	4 651 956	20 036 157	1 140 783	**80 123 059**

There is a commercial mortgage over fixed assets of Misr Cement Company (Qena) as collateral against the long term loan (Note 17).
There is a commercial mortgage over all the existing, new tangible and intangible fixed assets of MINYA PORTLAND CEMENT COMPANY as collateral against the long term loan (Note 17).

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Fixed assets (follow)

December 2020	Land EGP	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture, Fixtures and computers EGP	Enhancements of Rental Places EGP	Total EGP
st at 1 January 2020	7 543 974	1 019 271 216	2 311 420 754	105 995 221	8 470 993	30 144 174	1 604 342	3 484 450 674
ansferred from financial sed assets	--	--	3 630 000	1 649 500	--	--	--	5 279 500
ditions during the year	--	2 825 951	8 618 758	6 321 627	5 423 701	627 963	--	23 818 000
posals during the year	--	(414 479)	(1 742 607)	(1 708 502)	--	--	--	(3 865 588)
st at 31 December2020	**7 543 974**	**1 021 682 688**	**2 321 926 905**	**112 257 846**	**13 894 694**	**30 772 137**	**1 604 342**	**3 509 682 586**
cumulated Depreciation at 1 uary 2020	--	259 761 734	820 747 080	55 658 014	6 419 819	25 375 095	1 361 863	1 169 323 605
preciation for the year	--	32 404 569	100 201 924	9 205 327	746 709	1 776 082	109 709	144 444 320
preciation of financial leased sets	--	--	2 082 894	1 004 820	--	--	--	3 087 714
preciation of Disposals	--	(22 451)	(210 565)	(976 074)	--	--	--	(1 209 090)
cumulated Depreciation at December 2020	--	**292 143 852**	**922 821 333**	**64 892 087**	**7 166 528**	**27 151 177**	**1 471 572**	**1 315 646 549**
book value 1 December, 2020	**7 543 974**	**729 538 836**	**1 399 105 572**	**47 365 759**	**6 728 166**	**3 620 960**	**132 770**	**2 194 036 037**

This balance includes the recording of assets that fully depreciated and still used which is reprehensive in.

	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture, Fixtures and computers EGP	Total EGP
Depreciated asset that still used	12 772 969	11 508 057	6 340 284	4 611 063	10 503 932	**45 736 305**

There is a commercial mortgage over fixed assets of Misr Cement Company (Qena) as collateral against the long term loan (Note 17).
There is a commercial mortgage over all the existing, new tangible and intangible fixed assets of MINYA PORTLAND CEMENT COMPANY as collateral against the long term loan (Note 17).

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6. Projects under construction

	30 June 2021	31 December 2020
	EGP	EGP
Buildings and constructions	83 824 892	81 619 135
Machinery and equipment	10 082 484	3 561 727
Advanced payments	1 330 539	1 225 066
Information Systems	4 733 461	4 139 865
	99 971 376	**90 545 793**

7. Investment available for sale

	Percentage of ownership	30 June 2021	31 December 2020
		EGP	EGP
The Egyptian African company for investment	3%	150 000	150 000
(less):			
Impairment in available for sale investments		(149 999)	(149 999)
		1	**1**

The Extraordinary General Assembly meeting of The Egyptian African Company for Investment and Development was held in May18th, 2016 and has decided to hold the company's activities for 3 years from 30 June 2016 till 30 June2019 after the company's losses reached EGP 2.95 million as of 31 December 2015. Following to continued losses and not achieving profits, the Extraordinary General Assembly held on June 25, 2019 decision, place the company under liquidation

8. Investments in associates

	Percentage of ownership	Balance at of 30 June 2021	Balance at of 31 December 2020
		EGP	EGP
South of Upper Egypt Company of sacks manufacturing	20%	15 504 427	16 341 428
		15 504 427	**16 341 428**

9. Intangible assets

	30 June 2021	31 December 2020
	EGP	EGP
Cost		
Beginning Balance	277 680 376	277 680 376
Additions during the period/year	--	--
Ending Balance period/year	**277 680 376**	**277 680 376**
Accumulated amortization		
Beginning Balance period/year	(41 230 073)	(33 663 205)
Amortization during the period/year	(4 786 053)	(7 566 868)
Ending Balance period/year	**(46 016 126)**	**(41 230 073)**
Net book value at the end of period/year	**231 664 250**	**236 450 303**

- Intangible assets are represented to the license of Minya Portland Cement Factory and SAP Program for Misr Cement (Qena) Company.

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10. Inventory

	30 June 2021	31 December 2020
	EGP	EGP
Raw materials	39 366 512	55 069 620
Gasoline, Mazot & coal	61 371 146	67 201 913
Packaging	15 669 315	13 117 797
Spare parts	85 363 950	80 494 950
Work in progress	383 595 364	337 511 643
Finished goods	31 359 987	27 461 245
	616 726 274	**580 857 168**

11. Accounts receivable and notes receivable

	30 June 2021	31 December 2020
	EGP	EGP
Accounts receivable	65 490 444	50 743 050
Notes receivable	--	2 279 528
	65 490 444	**53 022 578**
(Less) :		
Impairment in value of accounts receivable & notes receivable	(1 320 000)	(1 500 950)
	64 170 444	**51 521 628**

12. Debtors and other debit balances

	30 June 2021	31 December 2020
	EGP	EGP
Advanced payment – suppliers	140 726 895	69 480 241
(ASEC) Technical Managing	10 111 328	11 523 909
Tax authority– value added tax	19 646 647	22 528 371
Tax authority–Real estate tax	2 974 508	2 974 508
Tax authority– withholding taxes	17 187 140	15 113 795
Deposits with others	38 421 832	38 911 332
Prepaid expenses	9 686 440	12 354 113
Cover of letter of guarantee	--	5 718 533
Letter of credit	85 298	6 804 441
Accrued interest on time deposits	111 941	36 800
Other debit balances	5 213 549	18 462 209
(Less):	**244 165 578**	**203 908 252**
Impairment in Debtors and other debit balances	(4 028 771)	(4 028 771)
	240 136 807	**199 879 481**

13. Cash on hand and at banks

	30 June 2021	31 December 2020
	EGP	EGP
Cash on hand	2 146 652	1 859 721
Current accounts in banks	136 356 253	78 544 011
Time deposit (maturing during three months)	3 864 769	1 410 743
Time deposits (maturing more than three months)	--	3 853 307
Checks under collection	4 584 618	480 150
	146 952 292	**86 147 932**

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14. Paid up Capital

- The Company's authorized capital amounts to EGP 600 000 000,while the issued capital amounted to EGP 300 000 000 distributed over 30 000 000 shares of par value EGP 10 each, based on the decision of the extraordinary general assembly held on 22nd of march 2009 the capital was deducted by an amount of EGP 1 220 000 for 122 000 treasury shares, and it was registered in the commercial register in on 5th of July 2009, thus the paid up capital became EGP 298 780 000 distributed over 29 878 000 shares of par value EGP 10 per share .

- According to a board members meeting No 186 held on September 12, 2017 and authorized from GAFI on 25 September 2017 which decided to increase the capital with amount EGP 301 220 000 divided to 30 122 000 shares at EGP 10 per share, became EGP 600 000 000 as registered in the commercial register on 31 January 2018 No. 4955.

- The Ordinary General Assembly held on 28 March 2018 decided to distribute a free share for every 5 shares from retained earnings to share become 72 000 000 shares instead of 60 000 000 shares thus the paid up capital become EGP 720 000 000 instead of EGP 600 000 000 and it was registered in the commercial register on 29 May 2018 no. 23904.

	Percentage (%) Of Participation	No. of shares	Paid up capital EGP
NCB Capital Company (NBE)	21,31%	15 341 386	153 413 860
Egyptian Federation for Construction and Building Contractors	10,16%	7 315 317	73 153 170
Egyptian Company for investment projects	10,07%	7 251 096	72 510 960
Egyptian Kuwait Investment Company	9,88%	7 114 206	71 142 060
National Investment Bank	9,58%	6 895 599	68 955 990
Egypt Company for Life Insurance	9,37%	6 748 839	67 488 390
QNB for finance services	%6,69	4 821 514	48 215 140
Bayt El Khebra Holding Kamar	%5,84	4 208 609	42 086 090
Misr Insurance Company	2,34%	1 683 368	16 833 680
Other shareholders	14,76%	10 620 066	106 200 660
	% 100	**72 000 000**	**720 000 000**

15. Reserves

	Legal reserve	General reserve	Capital reserve	Total
	EGP	EGP	EGP	EGP
Balance at 1 January 2021	**185 908 682**	**10 216 984**	**3 400 995**	**199 526 661**
Reserves during the period	2 368 796	--	--	2 368 796
Balance at 30 June 2021	**188 277 478**	**10 216 984**	**3 400 995**	**201 895 457**

16. Non-Controlling shareholder's interests

First: Change in non-controlling interest shareholders

	30 June 2021	31 December 2020
	EGP	EGP
Beginning Balance for the period/year	425 608 684	436 443 144
Non-controlling interest -share in net profit for the period/year	7 690 176	(10 834 379)
Non-controlling interest -share in dividends distribution	(38)	(81)
Ending balance for the period/year	**433 298 822**	**425 608 684**

16. Non-Controlling shareholders' interests (follow)

Second: non-controlling shareholders' balance in subsidiaries

Non-controlling shareholders' balance in subsidiaries

	Percentage of ownership %	30 June 2021 EGP	31 December 2020 EGP
Minya Portland Cement shareholders			
Safari limited for investments	30.72	335 812 118	329 852 163
Industrial Fund for Developing countries	4.64	50 710 240	49 810 241
FLSmidth	4.27	46 719 124	45 889 958
National Company for development and trading	--	56 629	55 624
Others	--	340	334
ASECO READY MIX shareholders			
Others	0.01	371	364
		433 298 822	**425 608 684**

17. Long term loan

	30 June 2021 EGP	31 December 2020 EGP
The balance accrual		
Misr Cement (Qena) company	303 116 334	363 830 626
Minya Portland Cement company	546 679 040	603 909 327
	849 795 374	**967 739 953**
The Current portion		
Misr Cement (Qena) company	(121 428 586)	(121 428 586)
Minya Portland Cement company	(206 934 247)	(349 489 265)
Total of the current portion	**(328 362 833)**	**(470 917 851)**
Total long term loans	**521 432 541**	**496 822 102**

- The company has acquired a long term loan in November 16th, 2015 amounted to EGP 910,259,259 from the total loans balance of the Company which amounts to EGP 915,000,000 that was given by combined banks (National bank of Egypt, Commercial bank of Egypt and Misr bank) with percentage of 33.3% for each , the National bank of Egypt will be the main facilitator of the loan, the loan was acquired to finance the acquisition (hinted in Note 5), to be settled on 15 payments half annually starting from November 16th, 2015 until November 16th, 2022 with 2.25% interest rate to be added to the average corridor rate of the central bank.

- There is a mortgage on the fixed assets of the Misr Cement Company (Qena) as collateral for the long term loan (Note 5).

- There is a commercial mortgage on all the shares owned by Misr Cement Company (Qena) for the subsidy companies acquired by the company as collateral for the long term loan.
- On December 31,2010 Minya Portland Cement signed a joint loan contract of 1 102 million Egyptian pounds with Arab African International Bank (loan agent).

- On June 12, 2013 Minya Portland Cement Company performed an amendment on the loan contract by increasing the loan amount from 1 102 million EGP to become 1 227 million Egyptian pounds and it will be paid over 13 annual installments starting from September 30, 2014 instead of September 30, 2013 each by an amount of 92. 85 million EGP and ends on September 30, 2020.

- There is a commercial mortgage over all the existing, new tangible and intangible fixed assets of Minya Portland Cement as collateral against the long term loan (Note 5)

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18. Deferred Tax Assets / (Liabilities)

	Assets		Liabilities	
	30/6/2021	31/12/2020	30/6/2021	31/12/2020
	EGP	EGP	EGP	EGP
Beginning balance for the period/year	15 387 081	14 593 236	335 019 177	328 663 674
Assets and (liabilities) movements-deferred tax	--	793 845	(377 639)	6 355 503
Ending balance for the period/year	**15 387 081**	**15 387 081**	**334 641 538**	**335 019 177**

19. Provisions

	Balance as of 1 January 2021	Charged during the period	Balance as of 30 June 2021
	EGP	EGP	EGP
Tax provision	8 416 731	--	8 416 731
Provision for other claims and litigations	21 269 174	--	21 269 174
Provision for claims	39 281 000	473 759	39 754 759
	68 966 905	**473 759**	**69 440 664**

20. Credit Facilities

The balance of the debit current account on June 30,2021 of Qena Cement Company, has facilities amounted EGP 56 162 539 from the National Bank of Egypt to finance the purchase of raw materials and production tools within limited amount to EGP 100 000 000.

21. Creditors and other credit balances

	30 June 2021	31 December 2020
	EGP	EGP
Tax authority	10 100 533	21 161 785
Retention	22 783 878	15 909 922
Liabilities from Finance lease contracts	--	880 496
Syndicate Stamps	6 304 505	6 402 532
Employees services association	868 241	275 708
Social insurance authority	1 208 256	1 504 758
Tax authority- value add tax	30 663 064	29 219 457
Production development fees	5 835 360	6 643 073
Accrued debit interests	3 889 993	4 669 160
Accrued expenses	18 872 398	30 756 545
Creditors - Dividends	21 325 623	2 260 314
Other- creditors	16 891 633	16 787 221
	138 743 484	**136 470 971**

22. Cost of sales

	30 June 2021	30 June 2020
	EGP	EGP
Depreciation and amortization	70 755 807	70 065 820
Governmental fees	38 859 859	74 424 406
Technical management contract fees- labor supply – maintenance	202 081 323	170 825 944
Electricity and power	487 037 951	589 778 581
Raw materials and packaging materials	212 685 169	170 918 820
Rent	2 496 406	4 249 376
Indirect costs	49 898 623	45 165 090
	1 063 815 138	**1 125 428 037**

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23. Selling and marketing expenses

	30 June 2021	30 June 2020
	EGP	EGP
Depreciation	307 366	349 226
Salaries and wages	8 179 250	6 424 674
Others	2 401 079	2 844 360
	10 887 695	**9 618 260**

24. General and administrative expenses

	30 June 2021	30 June 2020
	EGP	EGP
Depreciation And Amortization	846 933	1 774 534
Salaries and wages	37 477 871	34 561 020
Donations	1 378 103	3 929 780
Insurance expenses	2 592 720	2 008 205
Others	29 166 075	24 585 635
	71 461 702	**66 859 174**

25. Other Revenues

	30 June 2021	30 June 2020
	EGP	EGP
Fixtures remaining	19 145	23 700
Rents	524 115	997 458
Revenue from transport ,shipping and handling	21 092 168	70 472 880
Revenue from spare parts	414 479	10 559 117
Others	684 999	2 846 705
	22 734 906	**84 899 860**
Transport shipping and handling expenses	(21 092 168)	(70 472 880)
Spare Parts Cost	(414 479)	(10 559 117)
	1 228 259	**3 867 863**

26. Accrued Income tax

	30 June 2021	31 December 2020
	EGP	EGP
Beginning balance	20 441 340	21 650 583
accrued income tax for the period	20 277 459	20 721 440
Payments to tax authority	(20 922 089)	(21 930 683)
	19 796 710	**20 441 340**

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27. Related party transactions

The transactions with related parties between Misr Cement Company (S.A.E) and its subsidiaries where all the balances resulting from the transactions between the company's group are completely disposed including the sales, expenses and dividends. Also all the revenues and losses resulting from transactions between the company's group that have been recognized in the assets as inventory and fixed assets have been Disposed.

	Sales /service revenue	Purchases /cost of services
Minya Portland Cement	41 416 184	32 414 426
ASECO for ready mix company	11 919 825	--
	53 336 010	**32 414 326**

Also, the transaction between the related parties are presented in the between Misr cement company and some shareholders and associate companies.

Company	Nature of the relation	Type	30 June 2021 EGP
Misr Insurance	Shareholder	Insurance installments	7 877 073
South of upper Egypt company (main supplier)	Associate	Sacks supplying	39 619 730

28. Capital Commitments

	Currency	Contract amount	Balance as of 30 June 2021
Minya Portland Cement	EGP	28 956 761	8 763 480
Minya Portland Cement	EUR	285 000	3 834 949
Total			**12 598 429**

29. Contingent liabilities

The letters of guarantee that issued at the Company's request from the banks in favor of third parties as follows:

	The letters of Guarantee EGP	Cash Cover EGP
Minya Portland Cement	7 492 384	Non-fully covered
	7 492 384	

30. Comparative figure

The comparison numbers for the budget have been modified, and the following are the most important items that have been modified.

Financial Position Statement

	31December 2020 after update	Adjustments	31 December 2020 before update
Suppliers and notes payables	467 411 325	35 921 640	431 489 685
Creditors and other credit balances	136 470 971	(35 921 640)	172 392 611

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31. Tax Situation

a. Corporate taxes

An Introduction:

The company was established according to the law No.159 for the year 1981 and the general authority for investment and free zones approved that the company is exempted for tax for cement only according to the law of assurance and incentive of investment No. 8 for the year 1997 and that starts from the next year of production (6 April 2002) and for ten years which starts from 1 January 2003 to 31 December 2012 and the tax situation of the company is as follows:

Financial year ended on 31 December 2013 considered the first year subjected to tax.

1. **Years from beginning of the activity to 2004**

All tax differences that are due for that year are paid.

2. **Years from 2005/2007**

- The company's Interim Financial Statements were inspected in those years and the differences were settled and the taxes were paid.
- Tax authority objected on the appeal committee's decision about the provision used for the year 2007 with amount of EGP 11,661,503 based on the fact that the provision represent amounts transferred to abroad and must be subjected to article 56 of law 91 for the year 2005 and decided to debit amount and subjecting it to 20% amounted to EGP 2,915,376 and filed a lawsuit against the company being considered of Qena first instance. The court used experts to consider the difference. We have prepared a note include the legal defense and discussions with the expert about it and issue the expert report that the tax authority does not have the right to subject the provision used according to article 56 from the law no,91 for the year 2005 and its executive regulations an initial judgment was issued in 24 September 2014 for the right for the company about the appeal committee. The country appeal representative objected on the decision and it is currently being reviewed in Qena court. The tax consultant`s opinion is not to form any provision for this appeal.

3. **Years from 2008/2012**

All tax differences that are due for that year are paid.

4. **Years from 2013/2014**

The Tax authority has ended its inspection on company's documents for those years and tax (19) form was sent with a difference amounted to 4 020 232 EGP , However The company objected on the legal dates and currently the company is forming a committee for re-inspecting the company`s files and the tax advisor sees that a provisions of 4 020 232 must be formed

5. **Years from 2015/2018**

- The tax authority provided estimated tax (19) form those years and the form was objected at the legal date and waiting to set a date forming a committee to re-inspect the document of the company.

6. **Year 2019/2020**

- The company presented the annual tax position at its legal dates.
- The Tax authority didn't inspect the company's documents for year these years.

b. Salary tax

1. **Years from beginning of the activity to 2014**

- The tax authority inspected those years and the conflict was ended

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31. Tax Situation (followed)

b. Salary tax(followed)

2. Years from 2015/2019

- The company deducts the tax from the employees and export it to the tax authority at the legal dates
- The tax authority provided estimated tax 38 form those years and the company was objected at the legal date and waiting to set a date forming a committee to re-inspect with the actual document of the company

3. Year 2020

- The company deducts tax from the employees and exports it to the tax authority at the legal dates.
- The Tax authority didn't inspect the company's documents for year 2020.

c. Value added tax (Sales Tax)

1. Years from beginning of the activity to 2007

The inspection for that year has been completed and the differences were paid and the dispute was resolved.

2. Years from 2008/2010

The Tax authority inspected the company for that year and a (15 D A M) form was issued with differences in sales tax amounting to EGP 1,147,876, and the company has objected on this form and the review was completed by Supreme Committee which reduced the amount to EGP 697,549 and this amounts was paid, and lawsuit has been filed by this amount. An application was made to end the dispute in accordance with the provisions of Law 79 of 2016 and its amendments, and no session has been scheduled to date.

3. Years from 2011/2019

The company was inspected for those years and the differences were paid.

4. Year 2020

- The company presented the annual tax position at its legal dates.
- The Tax authority didn't inspect the company's documents for year 2020.

d. Development of the country's financial resources fees

1. Years from 5 May 2008 to 2019

- The company paid the tax till due to date.

2. Year 2020

- The company is present paid development fees according to low No 73 for year 2010 and its adjustments.
- The authority was inspected the company documents about this year and it is waiting the inspecting result and the tax advisor sees that a provisions of EGP 100 000 must be formed

e. Property tax

- The law no 196 for the year 2008 issued the real estate tax and adjusted by the law number 103 for the year 2012. And then once more with law no 117 for the year 2014.
- The company submitted its property tax return on its property which it owns to the tax authority according to the law No. 196 of 2008 and its adjustments.
- The appeal committee's decision was to estimate the annual tax on the company`s factory by EGP 844 576 which resulted in an accrued tax till 31 December 2021 by EGP 7 178 896 and delay fee,

31. Tax Situation (followed)

e. Property tax(followed)

- The company will pay the accrued tax and A lawsuit was filed to hear the dispute before the competent court.

- an appeal committee`s decision was to estimate the annual tax on Safag`s land for EGP 4 776 and the company paid the accrued tax till 31 December 2021 amount to EGP 40 596 and delay fee.

The real estate tax authority filed form 3 real estate tax on the company`s head office to estimate the annual tax by EGP 55 423 the company paid total of accrued tax of EGP 471 096 till 31 December 2021 disagreement in return for delay, the company pays the tax due on it, and the forms have been appealed to consider the dispute before the appeal committee.

- The real estate tax authority filed from 3 (real estate tax) on the elevating water station for EL-Kalabya canal for EGP 1 155 by total amount EGP 9 818 till 31 December 2021 and the company paid that claim.
- The real estate tax authority filed form 3 real estate tax for the lime quarry that the company is licensed to exploit by the Qena governorate, estimating the annual tax at 648 099 EGP, with a total tax due 5 508 842 EGP until 31 December 2021, and the company appealed against it in The legal date

- The real estate tax authority filed form 3 real estate tax for the sand quarry that the company is licensed to use by the governorate of Qena, estimating the annual tax at 32 640 EGP, with a total tax due 277 440 EGP until 31 December 2021, and the company appealed against it on time Legal.

The Tax situation for Minya Portland Cement

A. Corporate tax

The company submitted the tax return for the year ended 31 December 2020 in the legally determined date.

Years from 2010 till 2012

- The tax Authority has been estimated the examination of the companies for the years 2010 to 2012, and the results of the examination were as follows: -

Year	2010	2011	2012
	EGP	EGP	EGP
Estimated tax base	2 910 156	128 210 667	28 569 788
Estimated tax	852 031	32 052 667	7 142 447
Result of tax report	Nothing	11 (loss)	48 (loss)

- Following to above, the opinion of tax consultant of the company that there is no information or facts to know what is necessary amount to charge tax provision for those years.
- Form 19 has been sent to the company, including an estimated assessment, and the assessment has been challenged at the legal dates. A date is being set to review the challenges before the competent committees.

years from 2013 till 2016

- Tax inspection 's date is going to be determined for years from 2013 to 2016.

Years from 2017 till 2019

- Tax examination has not yet been completed till now

a) salaries and salaries equivalent tax

The company's accounts weren't inspected till that date. The company deducts salaries and salaries equivalent tax and submits it to the tax authority.

31. Tax Situation (followed)

b) value add tax / Sales tax

- According to decision of General Investment Authority issued in November 2013, it was decided to consider starting the activity from August 2013, and the company has been registered with the competent sales tax officials, and the sales tax returns are submitted on the specified dates. Paying the differences at due until 31 December 2013.
- The company has filed a lawsuit against the Ministry of Finance (Sales Tax Authority) to absolve it of paying the sales tax on capital goods for the cement production line, as well as recovering what has been paid from sales tax equivalent to 5% of the total value of the tax claimed by the sales tax collector The previous payment was made upon receipt of the capital goods at the customs. The decision of the conciliation committees to settle disputes at the Egyptian Tax Authority was issued to support the company's requests. The objection was made by the tax authority and the dispute was referred to the judiciary. The dispute is still pending before the judiciary.

Years from 2014 to 2015

The company was inspected and the tax due was settled.

Years from 2016 to 2017

- On September 5th, 2016 there is a presidential decision for issuance of law number 67 for the year 2016 "Value added tax" published in the official newspaper on September 7, 2016 to apply from the next day of publication.
- the company submitted a request to tax authority for inspect the years 2016 and 2017, within the plan to examine the tax status of major finances on August 13, 2018

d) Withholding tax

The company applies the withholding tax on its transactions with others according to the income tax law no. 91 for the year 2005 and is paid on its legal dates.

e) Stamp tax

- Regarding to stamp duty, the company was inspected till December 31, 2015 and the tax due was settled.
- Regarding to development duty, the company was inspected till December 31, 2016 and the tax due was settled.

f) Real estate tax

- The Company paid the due tax for the year from July 2013 to 2020.
- Payment of EGP 293 281 has been made under Account of real estate tax for the year 2021.

The Tax status for ASECO READY MIX

The company was established according to act no. 159 for the year 1981 and the company's tax status is as follows:

A. Corporate tax

- The company is being examined from 2013 to 2018 .
- The company submitted the tax return for the year ended 31 December 2020 and the tax due was settled

B. Salaries tax

- The company deducts the salaries tax and pays it to the tax authority and the tax inspection wasn't made till that date.

C. The value added tax

- The company was registered in the tax authority on sales and the company's tax returns from the initiation of its activity ill 31 of December 2013 are currently inspected According to the articles of the value added tax law no, 67 for the year 2016, the stated acts are applied on the company starting from 8th of December 2016.

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31. Tax Situation (followed)

D. Stamp tax

- The company was examined and settlement from start of activity till 2014.
- The company is being examined about years 2015 till 2018.

The Tax status for Qena for maintenance

The company was established according to the law No.159 for the year 1981 and the low No. 95 for 1992, The following is the tax position of the company, explaining each tax:-

A. Corporate tax

The company presented the annual tax position for year 2019.

B. Salaries tax

The company deducts the salaries tax and pays it to the tax authority and the tax inspection wasn't made till that date.

C. Value add tax

The company recorded in value add tax authority.

D. Stamp tax

The tax inspection wasn't made till that date.

32. Important Events

The second half of march have witnessed the beginning of the impact of the outbreak of corona virus on the Egyptian market and the Egyptian government announced unprecedented measures to combat the virus infection and it's spread, The company has formed a risk committee to manage the crisis and the objectives of this year has been defined in maintaining all employees and securing them from corona risks as well as continuing the company's operations, all risks were studied and evaluated and taken a serious of precautionary measures to reduce all risks on employees and to ensure the continuity of the supply chain (operational, manufacturing, sales and collection operations in this year. And there is not effect on the company's current economic situation (it's financial position, business result and cash flow).

Based on the decision of the Financial Regulatory Authority issued on May 9, 2021. It was allowed to postpone the effect of recognized the accounting Standard No. (47) financial instruments in the consolidated Interim financial statements until the deadline of preparing the financial statements at the end of 2021, the company has to record the total accounting effective for the whole year starting from the beginning of January 2021 till December 31, 2021 the companies' have to adequate disclosure for that.

Managing Director
Tarek Talaat Ahmed

Chief financial group
Ahmed Abdel Hamid Emam