

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

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Separate Interim Financial Statements  
For The Period Ended 30 September 2021  
And Limited Review Report

شركة مصر للأسمنت قنا ش.م.م.  
وارد رقم 649  
تاريخ 27/11/18 مرفقات  
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### Limited Review Report

**To: The Chairman and member 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 accompany separate interim financial statements of MISR CEMENT (QENA) COMPANY (S.A.E) which comprise the separate interim statement of financial position as at September 30, 2021 and the related separate interim statements of income, separate interim other comprehensive income, separate interim change of equity and separate interim cash flows for the nine-months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and Fair presentation of these separate interim financial statements in accordance with the Egyptian Accounting Standards, our responsibility is to express a conclusion on these separate 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 separate interim financial statement performed by the independents Auditor of the entity". A limited review of separate interim financial statements consists of making inquiries primarily to 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 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 such an audit opinion on these separate interim financial statement.

#### Conclusion:

Based on our limited review, nothing has come to our attention that causes us to believe that the accompany separate interim financial statements do not present fairly, in all material respect the separate interim financial position of MISR CEMENT (QENA) COMPANY (S.A.E) as at September 30, 2021 and its financial performance and its cash flow for the nine-months ended then, in accordance with Egyptian accounting standards.

Cairo, November 11, 2021



Register Number (345)

Tamer Nabarawy and Co.

KRESTON EGYPT


**Misr Cement (Qena) Company (S.A.E)**  
 Separate Interim Financial statements For The period Ended 30 September 2021

Translation of financial statements  
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**Separate Interim Statement of Financial Position**

	Note	30 September 2021	31 December 2020
		EGP	EGP
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed assets – Net	(5)	460 335 776	506 204 347
Intangible assets	(6)	--	1 206 217
Investments in subsidiaries	(7)	1 157 304 322	1 157 304 322
Investments available for sale	(8)	--	1
Investments in associates	(9)	800 000	800 000
Deferred tax Assets	(18)	15 387 081	15 387 081
<b>Total non-current assets</b>		<b>1 633 827 179</b>	<b>1 680 901 968</b>
<b>Current assets</b>			
Inventory	(10)	388 048 277	373 914 165
Accounts Receivable	(11)	18 842 431	--
Due from related parties	(12-A)	12 684 802	13 342 981
Debtors and other debit balances	(13)	146 967 875	90 336 061
Cash on hand and at banks	(14)	119 821 991	58 293 439
<b>Total current assets</b>		<b>686 365 376</b>	<b>535 886 646</b>
<b>Total assets</b>		<b>2 320 192 555</b>	<b>2 216 788 614</b>
<b>Equity</b>			
Issued and paid up capital	(15)	720 000 000	720 000 000
Reserves	(16)	201 895 457	199 526 661
Retained earnings		303 518 816	282 445 514
Net Profit for the period / year		80 771 291	47 375 911
<b>Total Equity</b>		<b>1 306 185 564</b>	<b>1 249 348 086</b>
<b>Non-current liabilities</b>			
Long term loans	(17)	181 687 748	242 402 041
Deferred tax liabilities	(18)	65 353 537	69 774 402
<b>Total non-current liabilities</b>		<b>247 041 285</b>	<b>312 176 443</b>
<b>Current liabilities</b>			
Provisions	(19)	68 659 664	68 185 905
Facilities	(21)	98 055 219	80 646 375
Current portion of long term loans	(17)	121 428 585	121 428 585
Receivables – advance payments		28 523 667	35 365 351
Suppliers and notes payable	(20)	311 558 527	249 214 641
Due to related parties	(12-B)	8 896 450	5 563 679
Creditors and other credit balances	(22)	101 427 496	77 209 279
Income tax		28 416 098	17 650 270
<b>Total current liabilities</b>		<b>766 965 706</b>	<b>655 264 085</b>
<b>Total liabilities and equity</b>		<b>2 320 192 555</b>	<b>2 216 788 614</b>

- The accompanying notes are an integral part of these separate financial statements.  
 - Limited Review report attached

  
 Managing Director  
 Tarek Talaat Ahmed

  
 Group Chief Financial  
 Ahmed Abdel Hamid Emam

  
 Group Financial Manager  
 Moustafa Abdel Razek

**Misr Cement (Qena) Company (S.A.E)**  
 Separate Interim Financial statements For The period Ended 30 September 2021

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**Separate Interim Statement of Income**

	Note	First nine Months		Second three Months	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		EGP	EGP	EGP	EGP
Net Sales		934 680 433	826 327 174	323 543 478	213 567 558
<b>(Less):</b>					
Cost of sales	(23)	(742 407 883)	(688 139 580)	(249 998 049)	(179 220 207)
<b>Gross profit</b>		<b>192 272 550</b>	<b>138 187 594</b>	<b>73 545 429</b>	<b>34 347 351</b>
Selling and marketing expenses	(24)	(7 436 856)	(7 462 199)	(2 388 016)	(3 098 483)
General and administrative expenses	(25)	(52 307 629)	(45 429 719)	(16 157 853)	(13 550 194)
Amortization of intangible assets		(1 206 217)	(301 554)	--	(100 518)
Other revenue	(26)	807 776	4 782 541	379 805	1 039 704
Board of directors' salaries, attendance and transportation allowances		(4 449 979)	(4 561 679)	(1 442 567)	(1 296 488)
<b>Total expenses</b>		<b>(64 592 905)</b>	<b>(52 972 610)</b>	<b>(19 608 631)</b>	<b>(17 005 979)</b>
<b>Net Operating profits</b>		<b>127 679 645</b>	<b>85 214 984</b>	<b>53 936 798</b>	<b>17 341 372</b>
<b>Add / (Less):</b>					
Finance expense		(33 284 185)	(48 806 917)	(10 456 033)	(13 525 928)
Provisions charged		(473 759)	--	--	--
Capital gains		--	4 153 492	--	--
Foreign currency exchange differences		175 772	(386 703)	81 709	(152 121)
Credit interest		3 905 162	4 451 193	1 415 879	988 067
Revenue from investments		6 763 889	12 586 289	--	--
<b>Net Profits for the period before Taxes</b>					<b>4 651 390</b>
<b>(Less):</b>					
Income tax		(28 416 098)	(14 627 036)	(11 810 675)	(2 590 531)
Deferred Tax		4 420 865	2 569 782	818 307	938 149
<b>Net Profits For The period After Taxes</b>		<b>80 771 291</b>	<b>45 155 084</b>	<b>33 985 985</b>	<b>2 999 008</b>
<b>Earnings per share (EGP/Share)</b>	(27)	<b>0.94</b>	<b>0.55</b>	<b>0.41</b>	<b>0.03</b>

- The accompanying notes are an integral part of these separate financial statements.

Managing Director  
  
 Tarek Talaat Ahmed

Group Chief Financial  
  
 Ahmed Abdel Hamid Emam

Group Financial Manager  
  
 Moustafa Abdel Razek

**Misr Cement (Qena) Company (S.A.E)**  
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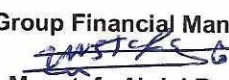
**Separate Interim Statement of Comprehensive Income**

	First nine months		Second three months	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
Net Profits For The period After Taxes	80 771 291	45 155 084	33 985 985	2 999 008
<b>Add / (Less):</b>				
Other comprehensive income	--	--	--	--
<b>Total comprehensive income for the period</b>	<b>80 771 291</b>	<b>45 155 084</b>	<b>33 985 985</b>	<b>2 999 008</b>

- The accompanying notes are an integral part of these separate financial statements.

  
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Tarek Talaat Ahmed

  
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Ahmed Abdel Hamid Emam

  
**Group Financial Manager**  
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**Separate Interim statement of Change in Equity**

	Issued and Paid up Capital	Reserves	Retained Earnings	Net Profit for the period	Total
	EGP	EGP	EGP	EGP	EGP
<b>30 September 2020</b>					
Balance at 1 January 2020	720 000 000	197 764 472	270 918 761	35 243 767	1 223 927 000
Transferred to retained earnings	--	--	35 243 767	(35 243 767)	--
Transferred to reserves	--	1 762 189	(1 762 189)	--	--
Dividends	--	--	(21 954 825)	--	(21 954 825)
Comprehensive Income for the period	--	--	--	45 155 084	45 155 084
<b>Balance at 30 September 2020</b>	<b>720 000 000</b>	<b>199 526 661</b>	<b>282 445 514</b>	<b>45 155 084</b>	<b>1 247 127 259</b>
<b>30 September 2021</b>					
Balance at 1 January 2021	720 000 000	199 526 661	282 445 514	47 375 911	1 249 348 086
Transferred to retained earnings	--	--	47 375 911	(47 375 911)	--
Transferred to Reserves	--	2 368 796	(2 368 796)	--	--
Dividends	--	--	(23 933 813)	--	(23 933 813)
Comprehensive Income for the period	--	--	--	80 771 291	80 771 291
<b>Balance at 30 September 2021</b>	<b>720 000 000</b>	<b>201 895 457</b>	<b>303 518 816</b>	<b>80 771 291</b>	<b>1 306 185 564</b>

accompanying notes are an integrated part of these separate financial statements.

  
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**Misr Cement (Qena) Company (S.A.E)**  
 Separate Interim Financial statements For The period Ended 30 September 2021


**Separate Interim Statement of Cash Flows**

	Note	30 September 2021	30 September 2020
		EGP	EGP
<b>Cash Flows From Operating Activities</b>			
Net Profits for the period before taxes		104 766 524	57 212 338
<b>Adjustment to reconcile net profit to cash flow from operating activities</b>			
Depreciation of fixed assets	(5)	40 668 620	46 902 319
Amortization of intangible assets	(6)	1 206 217	301 554
Revenue from investment		(6 763 889)	(12 586 289)
Provisions charged	(19)	473 759	--
Capital gains		--	(4 153 492)
Foreign currency exchange	(1.4)	(175 772)	386 703
Debit interest		33 284 185	48 806 917
Credit interest	(4.9)	(3 905 162)	(4 451 193)
<b>Net Operating profits</b>		<b>169 554 482</b>	<b>132 418 857</b>
Change in inventory	(10)	(8 175 439)	(52 419 925)
Change in accounts receivables and notes receivables	(11)	(18 842 431)	--
Change in related parties	(12)	3 990 950	8 356 714
Change in debtors and other debit balances	(13)	(55 072 820)	(106 028 933)
Change in receivables – advance payments		(6 841 684)	(31 290 221)
Change in suppliers	(20)	62 343 886	193 856 072
Change in creditors and other credit balances	(22)	(2 298 419)	(63 541 008)
<b>Cash flow from operating activities</b>		<b>144 658 525</b>	<b>81 351 556</b>
(Payment) of income tax		(17 650 270)	(13 932 179)
Used provision		--	(74 600)
<b>Net cash Flows from operating activities</b>		<b>127 008 255</b>	<b>67 344 777</b>
<b>Cash flows from investing activities</b>			
(Payments) For purchase fixed assets	(5)	(758 722)	(5 639 230)
Collected credit interests		3 905 162	4 451 193
Change in Time deposits - maturing more than three months		--	(286 035)
Proceeds from dividends distributions		5 204 896	9 494 938
<b>Net cash Flows from investing activities</b>		<b>8 351 336</b>	<b>8 020 866</b>
<b>Cash flows from financing activities</b>			
Change in facilities		17 408 844	21 079 199
Paid loans		(60 714 293)	(60 714 293)
Debit interest paid		(25 542 415)	(38 335 947)
Distributed dividends - paid		(5 158 947)	(21 827 397)
<b>Net cash flows from financing activities</b>		<b>(74 006 811)</b>	<b>(99 798 438)</b>
<b>Net cash and cash equivalents during the period</b>		<b>61 352 780</b>	<b>(24 432 795)</b>
Foreign Currency exchange differences	(4.1)	175 772	(386 703)
Cash and cash equivalent – beginning of the period		56 942 439	121 330 248
<b>Cash And Cash Equivalent – End of the period</b>		<b>118 470 991</b>	<b>96 510 750</b>
<b>For the purpose of preparing the statement of cash flow :</b>			
Cash and cash equivalent		119 821 991	98 147 784
<b>(Less):</b>			
Time deposit – maturing after three months		(1 351 000)	(1 637 034)
<b>Cash and cash equivalent – end of the period</b>		<b>118 470 991</b>	<b>96 510 750</b>

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# Misr Cement (Qena) Company (S.A.E)

## Separate Interim Financial statements For The Period Ended 30 September 2021

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### Notes to the separate Financial Interim 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

- Cement production 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) have 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 periods starting from the date of the registration in the commercial register.

##### 1.5. Financial year

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

##### 1.6. Approval of the financial statements

The financial statements of the Company for the year ended September 30, 2021 were authorized for issuance in accordance with a resolution of the board of directors on November 11, 2021.

#### 2. Basis For financial statement's preparation

- The separate financial statements of the Company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.
- The financial statements have been prepared under the going concern assumption and on the historical cost basis under the fair market value.
- The financial statements have been prepared and presented in Egyptian pound, which is the Company's functional currency.

# Misr Cement (Qena) Company (S.A.E)

## Separate Interim Financial statements For The Period Ended 30 September 2021

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### 3. Significant accounting estimates and personal judgments

#### 3.1 The significant estimates and assumptions

The preparation of 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 yearly 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:

##### 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 for them and the impairment is recorded with the value of the due amounts on the customers who the Company management sees 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 yearly 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 the use of personal judgment which may have a significant impact on the value recognized in the financial statements.

#### 3.3 Fair value measurement

- 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.
- 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.
- 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 financial statements of instruments similar in nature and conditions.

# Misr Cement (Qena) Company (S.A.E)

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#### 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

Transactions 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.

Nonmonetary items that are measured at historical cost in foreign currencies are translated using the exchange rates prevailing at the date of the initial recognition.

##### 4.2 Fixed assets and its Depreciation

###### The first recognition and initial measurement

Fixed assets are stated at the historical cost deducts of accumulated depreciation and accumulated impairment losses.

###### a. 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.

###### b. 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 Intangible assets

The intangible assets are initially recognized at the cost then they are recognized at the cost less the accumulated amortization and the accumulated impairment.

The intangible assets with a definite life are amortized throughout the assets' economic life. An impairment test is made whenever there is an indicator of the assets' impairment. The amortization year and method of the intangible assets with a definite life are revised at least once at the end of each fiscal year.

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#### 4. Significant accounting policies (followed)

##### 4.4 Projects under construction

Projects under construction represent the amounts that are incurred for the purpose of 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.

##### 4.5 Investments in subsidiaries and associates

Investments in subsidiaries and associates are recorded at cost less losses of its impairment, in subsidiaries are accounted for at cost including transaction cost and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the Income Statement for each investment separately.

##### 4.6 Investments available for sale

Available for sale investments are initially recognized at cost After initial measurement, available for sale investments are measured at fair value with unrealized gains or losses recognized directly in equity until the investment is derecognized, at which time the cumulative gain or loss recorded in equity is recognized in the statement of income, or determined to be impaired, at which time the cumulative loss recorded in equity is recognized in the statement of income, if the fair value of an equity instrument cannot be reliably measured, the investment is carried at cost

Equity securities: where there is an evidence of impairment, the cumulative loss is removed from the equity and recognized in the statement of income, impairment losses on equity investments are not reversed through the statement of income increases in the fair value after impairment are recognized directly in equity  
Debt securities: where there is an evidence of impairment, loss is removed from the equity and recognized in the statement of income and interest continues to be accrued at original rate on the reduced carrying amount of the asset, if the fair value of the debt investment increases and the can be objectively related to an event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the statement of income.

impaired, impairment is recovered, as well as through the amortization process.

##### 4.7 Inventory

The Inventory elements are valued as follows:

- a) Raw materials, gasoline, mazot, 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.

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#### 4. Significant accounting policies (followed)

##### 4.8 Revenue

###### - 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.

###### - Dividends

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

###### - Interest income

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

##### 4.9 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.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate of 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. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in statement of income. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to statement of income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

###### - 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.

# Misr Cement (Qena) Company (S.A.E)

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#### 4. Significant accounting policies (followed)

##### 4.10 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 financial statements and adjusted when necessary to show its best estimate.

##### 4.11 Taxes

###### - 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.

###### - 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.

##### 4.12 Accounts Receivable, notes receivable, debtors and other debit balances and suppliers' advanced payment

Accounts receivable, 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.

##### 4.13 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.

##### 4.14 Treasury shares

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

##### 4.15 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

##### 4.16 General reserve

The general reserve is formed from the company's profit in the previous years 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.

##### 4.17 Capital reserve

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

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#### **4. Significant accounting policies (followed)**

##### **4.18 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.

##### **4.19 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.

##### **4.20 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.

##### **4.21 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.

##### **4.22 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 balance sheet.

##### **4.23 Dividends**

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

##### **4.24 Cash Flow Statement**

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

##### **4.25 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)

##### **4.26 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.

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#### 4. Significant accounting policies (followed)

##### 4.27 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.

##### 4.28 Comparative figures

The comparative figures reclassified to comply with current figures.

##### 4.29 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 separate financial instruments don't differ significantly from its book value at the date of the preparation of the financial statements.

##### 4.30 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 limited 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 (2A) 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**

	Land EGP	Buildings and constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture and Fixtures EGP	Total EGP
<b>30 September 2021</b>							
Cost at 1 January 2021	7 221 739	275 707 228	981 454 250	6 852 244	13 894 694	12 034 258	1 297 164 413
Additions during the period	--	256 857	--	--	2 300	499 565	758 722
<b>Cost at 30 September 2021</b>	<b>7 221 739</b>	<b>275 964 085</b>	<b>981 454 250</b>	<b>6 852 244</b>	<b>13 896 994</b>	<b>12 533 823</b>	<b>1 297 923 135</b>
<b>Accumulated depreciation at 1 January 2021</b>	--	172 990 129	592 505 732	6 843 928	7 166 528	11 453 749	790 960 066
Depreciation for the period	--	9 778 548	35 983 071	2 079	691 765	171 830	46 627 293
<b>Accumulated depreciation at 30 September 2021</b>	--	<b>182 768 677</b>	<b>628 488 803</b>	<b>6 846 007</b>	<b>7 858 293</b>	<b>11 625 579</b>	<b>837 587 359</b>
<b>Net book value at 30 September 2021</b>	<b>7 221 739</b>	<b>93 195 408</b>	<b>352 965 447</b>	<b>6 237</b>	<b>6 038 701</b>	<b>908 244</b>	<b>460 335 776</b>

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

	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture and Fixtures EGP	Total EGP
Cost of fully depreciated assets and still being used.	18 012 376	20 779 876	6 838 384	4 651 956	10 996 226	61 278 818

- There is a commercial pledge over fixed assets (machinery and equipment) amounting to EGP 732 525 606 as collateral against the long term loan (Note 18).  
 - The machinery and equipment balance includes foreign exchange differences resulting from liabilities associated to the assets amounting to EGP 34 421 282 in addition to an amount of EGP 5 390 150 transferred from Projects Under Constructions

- The depreciation expense charged this year has been allocated to the statement of Income Statement As follows:

Cost of Sales (Note 23)	46 275 850
Selling and marketing expenses ( Note 24)	128 604
General and administrative expenses ( Note 25)	222 839
	<b>46 627 293</b>

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**5. Fixed assets (Followed)**

31 December 2020	Land EGP	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture and Fixtures EGP	Total EGP
<b>Cost at 1 January 2020</b>	7 221 739	275 135 947	983 196 857	6 960 144	8 470 993	11 772 893	1 292 758 573
Additions during the year	--	985 760	--	--	5 423 701	261 365	6 670 826
Disposals during the year	--	(414 479)	(1 742 607)	(107 900)	--	--	(2 264 986)
<b>Cost at 31 December 2020</b>	<b>7 221 739</b>	<b>275 707 228</b>	<b>981 454 250</b>	<b>6 852 244</b>	<b>13 894 694</b>	<b>12 034 258</b>	<b>1 297 164 413</b>
<b>Accumulated depreciation at 1 January 2020</b>	--	159 884 677	544 406 444	6 827 856	6 419 819	11 264 132	728 802 928
Depreciation for the year	--	13 127 903	48 309 853	123 972	746 709	189 617	62 498 054
Accumulated depreciation of Disposals	--	(22 451)	(210 565)	(107 900)	--	--	(340 916)
<b>Accumulated depreciation at 31 December 2020</b>	<b>--</b>	<b>172 990 129</b>	<b>592 505 732</b>	<b>6 843 928</b>	<b>7 166 528</b>	<b>11 453 749</b>	<b>790 960 066</b>
<b>Net book value at 31 December 2020</b>	<b>7 221 739</b>	<b>102 717 099</b>	<b>388 948 518</b>	<b>8 316</b>	<b>6 728 166</b>	<b>580 509</b>	<b>506 204 347</b>

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

Cost of fully depreciated assets and still being used.	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture and Fixtures EGP	Total EGP
	13 187 448	20 779 876	6 340 284	4 625 643	10 869 902	55 803 153

- There is a commercial pledge over fixed assets (machinery and equipment) amounting to EGP 732 525 606 as collateral against the long term loan (Note 17).

- The machinery and equipment balance includes foreign exchange differences resulting from liabilities associated to the assets amounting to EGP 34 421 282, in addition to an amount of EGP 5 390 150 transferred from Projects Under Constructions

- The depreciation expense charged this year has been allocated to the statement of Income Statement as follows: -

Cost of inventory	61 770 776
Selling and marketing expenses	227 317
General and administrative expenses	499 961
	<b>62 498 054</b>

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### 6. Intangible assets

	30 September 2021	31 December 2020
	EGP	EGP
SAP program	2 010 361	2 010 361
<b>(less)</b>		
Amortization during the period	(1 206 217)	(402 072)
Accumulated amortization	(2 010 361)	(804 144)
	<b>--</b>	<b>1 206 217</b>

### 7. Investments in subsidiaries

	Percentage of Ownership	30 September 2021	31 December 2020
		EGP	EGP
Minya Portland Cement (S.A.E)	60.36%	1 066 863 275	1 066 863 275
ASECO for Ready Mix (S.A.E)	99.90%	90 441 047	90 441 047
		<b>1 157 304 322</b>	<b>1 157 304 322</b>

- The balance of the investment in subsidiaries amounts to EGP 1,157,304,322 includes an amount of EGP 9,325,000 commissions and fees related to the loan acquired by the company to finance the acquisition of Minya Portland Cement and ASECO for Ready Mix concrete stock, this amount was added to the cost of the investment due to the need to finance the acquisition with it, a letter was received by the company from the lending bank that the amount will be repaid along with the loan on 15 payments.
- In 1 November 2015 a selling contract was signed between QENA CEMENT (S.A.E) and ASECO FOR CEMENT (S.A.E) to purchase 44 872 676 common stock owned to Minya Portland cement ( Asec Minya for Cement - previously) which represent 46.48% and it represents its full ownership for the company with a price of EGP 20.75 for each stock, to be total share 58 274 508 common stock which represent 60.36% and purchasing 208 998 shares owned in ASECO for ready concrete (S.A.E) which present 55% and that represents its full ownership in the company with a price of EGP 334.1 for each share in addition to all the commissions and transfer of ownership expenses the company's shares become 3 636 980 share which represent 99.90% . In addition to brokerage commissions, transfer of ownership and the transfer fees.
- All the company's investment in subsidiaries "shares" are pledged as collateral against the long term loans.

### 8. Investments available for sale

	Percentage of ownership	30 September 2021	31 December 2020
		EGP	EGP
The Egyptian African company for investment and development	3%	150 000	150 000
<b>(Less):</b>			
Impairment in available for sale investments		(149 999)	(149 999)
Diposaes *		(1)	--
		<b>--</b>	<b>1</b>

- 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 that starts 3 years from 30 September 2016 till 30 September 2019 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 September 25, 2019 decision, place the company under liquidation.

\*Pursuant to ordinary general assembly meeting held on March 15, 2021 it was decided to approve the results of liquidation accounts business, and the company was removed from the commercial registry on July 6, 2021.

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**9. Investments in associates**

	Percentage of ownership	30 September 2021	31 December 2020
		EGP	EGP
South of Upper Egypt Company for sacks Manufacturing	20%	800 000	800 000
		<b>800 000</b>	<b>800 000</b>

**10. Inventory**

	30 September 2021	31 December 2020
	EGP	EGP
Raw materials	10 609 064	15 637 851
Coal and diesel	26 542 125	22 513 893
Spare parts	28 281 955	28 041 041
Work in progress	302 975 273	293 672 936
Finished goods	19 639 860	14 048 444
	<b>388 048 277</b>	<b>373 914 165</b>

The inventory balance includes the cost of depreciation, an amount to EGP 5 958 673 in September 30, 2021.

**11. Accounts receivables and notes receivables**

	30 September 2021	31 December 2020
	EGP	EGP
Accounts receivables (Individuals)	--	37 265
Accounts receivables (Companies)	18 1842 431	143 685
Account Receivables (Export)	--	--
	<b>18 842 431</b>	<b>180 950</b>
<b>(Less):</b>		
Impairment in accounts receivables	--	(180 950)
	<b>18 842 431</b>	<b>--</b>

- Based on the decision of border of directors no.(1) dated at February 2 , 2021 it has been approved to bad debt the accounts receivables balance amount EGP 180 950.

**12. Transactions with related parties**

During the period, many financial transactions took place between the company and related parties, and the most important transaction balances were as follows:

**A) Due from related parties**

	30 September 2021	31 December 2020
	EGP	EGP
ASECO for Ready Mix	12 684 802	13 342 981
	<b>12 684 802</b>	<b>13 342 981</b>

**B) Due to related parties**

	30 September 2021	31 December 2020
	EGP	EGP
Minya Portland Cement	8 896 450	5 563 679
	<b>8 896 450</b>	<b>5 563 679</b>

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**13. Debtors and other debit balances**

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>EGP</b>	<b>EGP</b>
(ASEC) Managing technical	3 429 073	11 523 909
Tax authority– addition tax	4 570 140	10 720 946
Tax authority–Real estate tax	2 974 508	2 974 508
Customs duty	2 950 453	12 076 868
Deposits with others	13 508 935	13 953 185
Prepaid expenses	1 109 594	3 873 531
Cash cover letter of guarantee (Note No. 30)	--	5 718 533
Advance payments*	117 071 997	29 706 058
Employees borrowings	863 941	334 545
Other debit balances	2 922 212	3 445 949
Accrued revenue – dividends distribution	1 595 793	36 800
	<b>150 996 646</b>	<b>94 364 832</b>
<b>(Less):</b>		
Impairment of debtors and other debit balances	(4 028 771)	(4 028 771)
	<b>146 967 875</b>	<b>90 336 061</b>

\*The advance payment represented to amount EGP 109 729 344 to purchase coal from Ostool for land transportation Co.

**14. Cash on hand and at banks**

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>EGP</b>	<b>EGP</b>
Current accounts - Local currency	96 351 819	52 142 671
Current accounts - foreign currency	791 419	1 397 939
Time deposit - maturing during three months	19 356 500	1 654 535
Time deposits - maturing after three months	1 351 000	1 351 000
Cash on hand	1 971 253	1 747 294
	<b>119 821 991</b>	<b>58 293 439</b>

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### 15. Issued and 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 22<sup>nd</sup> 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 5<sup>th</sup> 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 December 12, 2017 and authorized from GAFI on 25 December 2017 which decided to increase the capital with amount EGP 301 220 000 divided to 30 122 000 shares at EGP 10 per share, and the issuing capital became EGP 600 000 000 as registered in the commercial register on 31 January 2018 No. 4955
- based on the decision of the extraordinary general assembly held on 28 of March 2018 distribute free stocks about stock for five stocks holders from the retained earnings and the number of shares become 72 000 000 instead of 60 000 000 shares and the paid capital become 720 000 000 Egyptian pound instead of 600 000 000 Egyptian pound as registered in the commercial register on 29 May 2018 No. 23904 .

	No. of shares	Par Value EGP	Capital issuing EGP	Paid up capital EGP	Percentage %
NCB Capital Company (NBE)	15 341 386	10	153 413 860	153 413 860	21.31%
Egyptian Federation for Construction and Building Contractors	7 315 317	10	73 153 170	73 153 170	10.16%
Egyptian Company for investment projects	7 251 096	10	72 510 960	72 510 960	10.07%
Egyptian Kuwaiti investment company	7 114 206	10	71 142 060	71 142 060	9.88%
National Investment Bank	6 895 599	10	68 955 990	68 955 990	9.58%
Egypt Company for Life Insurance	6 748 839	10	67 488 390	67 488 390	9.37%
QNB for finance services	4 821 514	10	48 215 140	48 215 140	6.69%
Individuals and IPO	16 512 043	10	165 120 430	165 120 430	22.94%
	<b>72 000 000</b>		<b>720 000 000</b>	<b>720 000 000</b>	<b>100%</b>

### 16. Reserves

	Legal reserve EGP	General reserve EGP	Capital reserve EGP	Total EGP
Balance as of 1/1/2021	185 908 682	10 216 984	3 400 995	199 526 661
Charged during the period	2 368 796	--	--	2 368 796
<b>Balance as of 30/9/2021</b>	<b>188 277 478</b>	<b>10 216 984</b>	<b>3 400 995</b>	<b>201 895 457</b>

### 17. Long term loans

In November 16<sup>th</sup>, 2015, the Company has acquired a long term loan amounting to EGP 910,259,259 from total loan amounted EGP 915,000,000 which represents a portion of the loan granted from the banks' association (National Bank of Egypt, Commercial International Bank and Misr Bank) which represents 33.3% for each bank. Conditioning that the National Bank of Egypt will be the main facilitator of the loan, for the purpose of financing the acquisition transactions (Note 7). To be settled on 15 semiannual installments starting from November 16<sup>th</sup>, 2015 until November 15<sup>th</sup>, 2023, with 2.25% interest rate plus the average Central Bank corridor rate, according to that , the loan amount in 30 September 2021 became EGP 303 116 333.

	30 September 2021 EGP	31 December 2020 EGP
Long term loans	303 116 333	363 830 626
Current portion from long term loans	(121 428 585)	(121 428 585)
	<b>181 687 748</b>	<b>242 402 041</b>

There is a commercial pledge on the fixed assets (machinery and equipment) with amount EGP 732,525,606 as collateral for the long term loan (Note5).

There is a commercial pledge over the shares owned by the Company of its acquired subsidiaries which represents collateral against the long term loans (Note 8).

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**18. Deferred Tax Assets / (Liabilities)**

	Assets		Liabilities	
	<u>30/9/2021</u>	<u>31/12/2020</u>	<u>30/9/2021</u>	<u>31/12/2020</u>
	EGP	EGP	EGP	EGP
Balance at the beginning of the period	15 387 081	14 593 236	69 774 402	73 656 341
Assets (liabilities) deferred tax movements	--	793 845	(4 420 865)	(3 881 939)
<b>Balance at the ending of the period</b>	<b>15 387 081</b>	<b>15 387 081</b>	<b>65 353 537</b>	<b>69 774 402</b>

**19. Provisions**

	Balance as of	Charged	Balance as of 30
	<u>1 January 2021</u>	<u>during the</u>	<u>September 2021</u>
	EGP	<u>period</u>	EGP
Tax provision	8 416 731	--	8 416 731
Provision for current claims and litigations according to legal opinion	21 269 174	--	21 269 174
Provision for claims	38 500 000	473 759	38 973 759
	<b>68 185 905</b>	<b>473 759</b>	<b>68 659 664</b>

**20. Suppliers and Notes payable**

	30 September 2021	31 December 2020
	<u>EGP</u>	<u>EGP</u>
	Suppliers	226 447 673
Notes payables	85 110 854	84 246 016
	<b>311 558 527</b>	<b>249 214 641</b>

**21. Facilities**

The company has a facilities in 30 September 2021 amounted EGP 98 055 219 from the National Bank of Egypt to finance the purchase of raw materials and production tools within limited amount to EGP 100 000 000.

**22. Creditors and other credit balances**

	30 September 2021	31 December 2020
	<u>EGP</u>	<u>EGP</u>
Tax authority	4 706 312	4 182 472
Value added tax on Cement	16 096 777	16 264 472
Production development fees	2 927 855	6 643 073
Retentions	13 736 188	15 894 922
Syndicate Stamps	6 342 898	6 082 013
Employees services association	478 348	275 708
Social insurance authority	959 774	1 005 072
Accrued debit interests	12 410 930	4 669 160
Contractors billings	--	5 976 755
Suppliers billings	2 930 870	1 318 517
Accrued for suppliers (Cement transportation)	8 422 510	16 915
Payables for purchase fixed assets	7 406 832	7 406 832
Credit – Dividends	19 788 491	1 013 625
Solidarity contribution of medical insurance accrual	2 374 132	2 951 156
Other credit balances	2 845 579	3 508 587
	<b>101 427 496</b>	<b>77 209 279</b>

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**23. Cost of Sales**

	30 September 2021	30 September 2020
	EGP	EGP
Depreciation	40 317 177	41 490 273
Governmental fees and Technical management fees	143 554 109	129 029 798
Packing materials	141 432 705	126 657 464
Electricity and power	389 091 707	371 766 759
Indirect cost	28 012 185	19 195 286
	<b>742 407 883</b>	<b>688 139 580</b>

**24. Selling and marketing expenses**

	30 September 2021	30 September 2020
	EGP	EGP
Salaries and wages	6 325 726	5 509 805
Depreciation	128 604	168 681
Stamps	--	276 955
Traveling and Transportation expenses	77 674	41 493
Others expenses	904 852	1 465 265
	<b>7 436 856</b>	<b>7 462 199</b>

**25. General and administrative expenses**

	30 September 2021	30 September 2020
	EGP	EGP
Depreciation	222 839	374 681
Salaries and wages	30 673 371	27 023 440
Donations	1 523 912	3 721 380
Insurance Expenses	3 047 261	3 036 435
Public relations and advertisement expenses	989 283	746 956
Other services expenses	544 476	472 373
Training, researches and consulting expenses	1 727 133	611 929
Medical and pension funds	2 035 066	1 396 093
Transportation and travelling expenses	267 415	151 891
Material and supplies	731 315	474 924
Rent and transportation allowances	501 569	458 735
Solidarity contribution of medical insurance	2 913 866	2 140 660
Other expenses	7 130 123	4 820 222
	<b>52 307 629</b>	<b>45 429 719</b>

**26. Other Revenues**

	30 September 2021	30 September 2020
	EGP	EGP
Rent	759 228	1 808 807
Revenue from Transport, shipping and handling	30 642 189	48 718 507
Revenue from spare parts	414 479	10 559 117
Miscellaneous revenue	111 038	2 973 734
	<b>31 926 934</b>	<b>64 060 165</b>
<b>(Less):</b>		
Transport, shipping and handling cost	(30 704 679)	(48 718 507)
Spare parties cost	(414 479)	(10 559 117)
	<b>807 776</b>	<b>4 782 541</b>



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### 27. Earnings per share

	30 September 2021	30 September 2020
	<b>EGP</b>	<b>EGP</b>
Net profits for the period	80 771 291	45 155 084
Employees profit share	(7 673 273)	(4 289 733)
Board of directors' bonus	(5 105 945)	(1 030 380)
<b>Remaining profits</b>	<b>67 992 073</b>	<b>39 834 971</b>
Number of shares	72 000 000	72 000 000
<b>Earnings per share</b>	<b>0.94</b>	<b>0.55</b>
	30 September 2021	30 September 2020
	<b>EGP</b>	<b>EGP</b>
Expected average of number of shares: 72 000 000 × 9/9 =	72 000 000	72 000 000
Expected average of number of shares issued during the period	--	--
	<b>72 000 000</b>	<b>72 000 000</b>

### 28. Related party transaction

A lot of financial transactions occurred between the company and its related parties during the year based on the decisions of the company's ordinary general assembly for holding compensatory contracts and the most important transactions are as follow:

	Nature of the relation	Type	30 September 2021
<b>Company</b>			<b>EGP</b>
Misr Insurance	Shareholder	Insurance installments	6 365 443
South of upper Egypt company (main supplier)	Associate	Sacks supplying	46 660 667
ASECO for ready mix company	Subsidiary	Cement sales	18 497 382
ASECO for ready mix company	Subsidiary	Debit balance	12 684 802
Minya Portland cement company	Subsidiary	Credit balance	8 896 450
Minya Portland cement company	Subsidiary	Other income - Rent	410 400
Minya Portland cement company	Subsidiary	Cement sales	41 416 184
Minya Portland cement company	Subsidiary	Cement purchases	32 414 588

### 29. 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.

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 have been paid.

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**29. Tax Situation (Followed)**

**a. Corporate taxes (Followed)**

**2. Years from 2005/2007**

- The company was inspected in these years 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 subject 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 have been paid.

**4. Years from 2013/2014**

The Tax authority inspected the company's documents for those years and a claim no 19 was sent with a difference amounted to EGP 4 020 232, However The company objected on the legal dates and currently the company is forming a committee for re-inspecting the company's files and documents for these years and the opinion of the tax advisor is forming provision by 4 020 232.

**5. Years from 2015/2018**

- The tax authority sent (19 form) with estimated tax for 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.

**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 the year.

**b) Salary tax**

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

- The tax authority inspected those years and the company paid the tax due for this year.

**2. Years from 2015/2019**

- The company deduct the tax from the employees and export it to the tax authority at the legal dates
- The tax authority provided estimated tax (38 form) for 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 withholds the 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 those year.

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**29. Tax Situation (Followed)**

**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 form (15 D A M) 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 amount was paid, and lawsuit has been filed by this amount. An application was made to end the dispute in accordance with the provision of law NO.79 of 2019 and its amendments, and no session has been scheduled to date.

**3. Years from 2011/2015**

- The company was inspected for these years and the difference was paid.

**4. Years from 2016/2019**

The company's books and documents were inspected and issued model 15 with the total differences amount to EGP 3 260 034 and model was objected and the dispute has been resolved by internal committee by decreasing the tax differences to amount EGP 1 467 518 and the accrued differences were paid.

**5. Year 2020**

- The company provided the tax returns on their legal dates.
- The Tax authority doesn't inspect the company's documents for year 2019.

**d) Development of the country's financial resources fees**

**1. Years from 5 May 2008 to 30 June 2019**

The company paid the tax till due to date.

**2. Year 2020**

- The company paid the development fees according to the law no. 73 for the year 2010
- The Tax authority inspected the company's books and documents about this year and the authority issued a claim for the accrued development resources differences amount to EGP 82 388 and was objected on this claim and the dispute is being considered before the internal committee.

**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 results in an accrued tax till 31 December 2021 by EGP 7 178 896 and delay fee,. The dispute is still pending before the competent court, as for the committee to end the conflict.
- The 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 EGP 40 596 and delay fees, the company has paid.

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**29. Tax Situation (Followed)**

**e) Property tax (Followed)**

- 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 by total of accrued tax of EGP 471 096 till 31 December 2021 and delay fees. and the company the tax till due to date and the forms were appealed to resolve the dispute in front of the appeal committee.
- The real estate tax authority filed form 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 delay fees, the company has 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 EGP 648 099, with a total tax due EGP 5 508 842 EGP until December 31, 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 EGP 32 640 with a total tax due EGP 277 440 EGP until December 31, 2021, , and the company appealed against it on time Legal.

**30. Important Events**

- The second half of march 2020 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).
- And given to of the lack of clarity of the effects that could be caused by the development of the situation related to the effect of the spread of the virus (Covid-19) in the future, the effects of development on the company's activity cannot be determined precisely at the present time.
- Based on the letter issued from industrial development authority on July 28, 2021 for the determination of monthly production capacity in light of the decision of the Chairman of the Board of Directors of Egyptian competition authority No 56 for year 2021 decided to determine the monthly of production capacity to be 83,984 ton/month.
- 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 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 until December 31, 2021 the companies' have to adequate disclosure for that.

  
**Managing Director**  
Tarek Talaat Ahmed

  
**Group Chief Financial**  
Ahmed Abdel Hamid Emam

  
**Group Financial Manager**  
Moustafa Abdel Razek