

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

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

شركة مصر للأسمنت قنا ش.م.م.  
وارد رقم 650  
تاريخ 2021/11/11 مرفقات  
فرع القاهرة

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## 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 September 30, 2021 and 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 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 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.

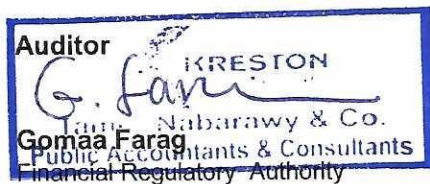
### Scope of Limited Review

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 accompanying 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 September 30, 2021 and of financial performance and its cash flows for the nine months then ended in accordance with the Egyptian accounting standards.

Cairo, November 11, 2021



Register Number (345)  
Tamer Nabarawy and Co.  
Kreston Egypt

Misr Cement (Qena) Company (S.A.E)  
Consolidated Interim Financial statements For The Period Ended 30 September 2021

Translation of financial statements  
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**CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION**

Assets	Notes	30 September 2021	31 December 2020
		EGP	EGP
<b>Non-current Assets</b>			
Fixed assets – Net	(5)	2 090 420 219	2 194 036 037
Projects under construction	(6)	102 847 893	90 545 793
Investments Available for sale	(7)	--	1
Investments in associates	(8)	15 504 427	16 341 428
Goodwill		481 159 424	481 159 424
Intangible assets	(9)	229 874 330	236 450 303
Deferred tax assets	(18)	15 387 081	15 387 081
<b>Total non-current assets</b>		<b>2 935 193 374</b>	<b>3 033 920 067</b>
<b>Current assets</b>			
Inventory	(10)	643 295 839	580 857 168
Accounts and notes receivable	(11)	76 756 456	51 521 628
Debtors and other debit balances	(12)	297 546 482	199 879 481
Cash on hand and at banks	(13)	139 116 341	86 147 932
<b>Total current assets</b>		<b>1 156 715 118</b>	<b>918 406 209</b>
<b>Total assets</b>		<b>4 091 908 492</b>	<b>3 952 326 276</b>
<b>Equity</b>			
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		107 409 183	33 849 273
<b>Total equity (company's shareholders)</b>		<b>1 435 481 627</b>	<b>1 353 574 902</b>
Non- controlling shareholders interests	(16)	440 267 119	425 608 684
<b>Total equity</b>		<b>1 875 748 746</b>	<b>1 779 183 586</b>
<b>Non-current liabilities</b>			
Long term loans	(17)	402 740 948	496 822 102
Accrued Land operating lease		35 576 449	33 744 230
Deferred tax liabilities	(18)	335 590 761	335 019 177
<b>Total non-current liabilities</b>		<b>773 908 158</b>	<b>865 585 509</b>
<b>Current liabilities</b>			
Provisions	(19)	69 440 664	68 966 905
Credit facilities	(20)	98 055 219	80 646 375
Current portion of long term loans	(17)	461 173 379	470 917 851
Suppliers and notes payable		574 240 696	467 411 325
Receivables – advanced payments		59 954 997	62 702 414
Creditors and other credit balances	(21)	147 935 074	136 470 971
Accrued income tax	(26)	31 451 559	20 441 340
<b>Total current liabilities</b>		<b>1 442 251 588</b>	<b>1 307 557 181</b>
<b>Total liabilities</b>		<b>2 216 159 746</b>	<b>2 173 142 690</b>
<b>Total equity and liabilities</b>		<b>4 091 908 492</b>	<b>3 952 326 276</b>

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

- Limited review report attached.

Managing Director  
Tarek Talaat Ahmed



Group Chief Financial  
Ahmed Abdel Hamid Emam



Group Financial Manager  
Moustafa Abd Elrazek



Misr Cement (Qena) Company (S.A.E)  
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**CONSOLIDATED INTERIM STATEMENT OF INCOME (Profit and Loss)**

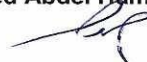
	Notes	First Nine Months		Second Three Months	
		30 September 2021	30 September 2020	30 September 2021	30 September 2020
		EGP	EGP	EGP	EGP
Net Sales		1 896 839 905	1 843 707 697	611 812 633	498 091 118
<b>(Less)</b>					
Cost of Sales	(22)	(1 541 370 934)	(1 577 629 338)	(478 218 635)	(452 201 301)
<b>Gross Profit</b>		<b>355 468 971</b>	<b>266 078 359</b>	<b>133 593 998</b>	<b>45 889 817</b>
Selling and marketing expenses	(23)	(14 932 660)	(14 840 446)	(4 044 965)	(5 222 186)
General and administrative expenses	(24)	(109 941 674)	(97 394 102)	(38 479 972)	(30 534 928)
Other Revenues	(25)	1 015 088	4 956 850	449 668	1 088 987
Other expenses		(5 703 028)	(589 990)	(2 785 525)	(196 664)
Provisions charged		(473 759)	--	--	--
<b>Total</b>		<b>(130 036 033)</b>	<b>(107 867 688)</b>	<b>(44 860 794)</b>	<b>(34 864 791)</b>
<b>Net operating Income</b>		<b>225 432 938</b>	<b>158 210 671</b>	<b>88 733 204</b>	<b>11 025 026</b>
<b>Add/(Less)</b>					
Financial expenses		(75 693 717)	(108 055 824)	(25 606 346)	(31 534 655)
Capital Gains		938 072	5 125 621	938 072	(4 000)
Foreign currency exchange		(353 749)	(546 067)	(33 359)	(263 867)
Credit interest		4 248 004	6 435 628	1 534 366	1 462 107
<b>Net profits / (losses) for the period before Income Taxes</b>		<b>154 571 548</b>	<b>61 170 029</b>	<b>65 565 937</b>	<b>(19 315 398)</b>
<b>( Less ) :</b>					
Income Tax	(26)	(31 932 308)	(16 880 079)	(11 654 849)	(3 142 455)
Deferred Tax		(571 584)	(5 094 085)	(949 223)	(1 597 360)
<b>Net profits / (losses) after income taxes and before non-controlling shareholders' profits</b>		<b>122 067 656</b>	<b>39 195 865</b>	<b>52 961 865</b>	<b>(24 055 213)</b>
Distributed as follow:-					
Controlling shareholders' profits / (losses)		107 409 183	40 112 383	45 993 568	(12 193 050)
Non-controlling interest profits / (losses)		14 658 473	(916 418)	6 968 297	(11 862 163)
		<b>122 067 656</b>	<b>39 195 865</b>	<b>52 961 865</b>	<b>(24 055 213)</b>

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

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Tarek Talaat Ahmed



Group Chief Financial  
Ahmed Abdel Hamid Emam



Group Financial Manager  
Moustafa Abd Elrazek



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**CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**

	First Nine Months		Second Three Months	
	30 September 2021	30 September 2020	30 September 2021	30 September 2020
	EGP	EGP	EGP	EGP
<b>Net profits / (losses) for the period after Taxes</b>	122 067 656	39 195 865	52 961 865	(24 055 213)
<b>Add :</b>				
Other Comprehensive income	--	--	--	--
<b>Comprehensive income for the period</b>	<b>122 067 656</b>	<b>39 195 865</b>	<b>52 961 865</b>	<b>(24 055 213)</b>
<b>Distributed as follow :</b>				
Controlling shareholders	107 409 183	40 112 283	45 993 568	(12 193 050)
Non-controlling shareholders' interest profits	14 658 473	(916 418)	6 968 297	(11 862 163)
	<b>122 067 656</b>	<b>39 195 865</b>	<b>52 961 865</b>	<b>(24 055 213)</b>

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

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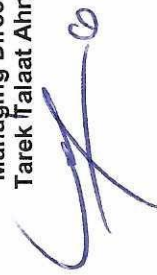
**SOLIDATED INTERIM STATEMENT OF CHANGE IN EQUITY**

**Controlling shareholder's interests**

	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	
<b>30 September 2020</b>	720 000 000		197 764 472		394 117 673		34 671 110		1 346 553 255		436 443 144		1 782 996 399	
as of 1 January 2020	--	--	--	--	34 671 110	(34 671 110)	--	--	--	--	--	--	--	--
added to retained earnings	--	--	1 762 189	--	(1 762 189)	--	--	--	--	--	--	--	--	--
added to reserves	--	--	--	--	(25 563 605)	--	--	--	(25 563 605)	--	(81)	--	(25 563 686)	--
dividends distribution	--	--	--	--	--	--	40 112 283	--	40 112 283	--	(916 418)	--	39 195 865	--
comprehensive income for the period	--	--	--	--	401 462 989	40 112 283	40 112 283	40 112 283	1 361 101 933	--	435 526 645	--	1 796 628 578	--
<b>as of 30 September 2020</b>	720 000 000		199 526 661		401 462 989	40 112 283	40 112 283	40 112 283	1 361 101 933		435 526 645		1 796 628 578	
<b>30 September 2021</b>	720 000 000		199 526 661		400 198 968		33 849 273		1 353 574 902		425 608 684		1 779 183 586	
as of 1 January 2021	--	--	--	--	33 849 273	(33 849 273)	--	--	--	--	--	--	--	--
added to retained earnings	--	--	--	--	(2 368 796)	--	--	--	--	--	--	--	--	--
added to reserves	--	--	2 368 796	--	(2 368 796)	--	--	--	--	--	--	--	--	--
dividends distribution	--	--	--	--	(25 502 458)	--	--	--	(25 502 458)	--	(38)	--	(25 502 496)	--
comprehensive income for the period	--	--	--	--	406 176 987	107 409 183	107 409 183	107 409 183	1 435 481 627	--	14 658 473	--	1 22 067 656	--
<b>as of 30 September 2021</b>	720 000 000		201 895 457		406 176 987	107 409 183	107 409 183	107 409 183	1 435 481 627		440 267 119		1 875 748 746	

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

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 Tarek Falaat Ahmed



Group Chief Financial  
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**CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS**

	<u>Notes</u>	<u>30 September 2021</u>	<u>30 September 2020</u>
		EGP	EGP
<b>Cash Flows From Operating Activities</b>			
Net Profits before income taxes		154 571 548	61 170 029
<b>Adjustments to reconcile net profit to cash flows</b>			
Depreciation of fixed assets	(5)	107 449 316	108 309 660
Amortization of intangible assets	(9)	6 575 973	5 675 150
Exchanged Foreign currency		353 749	546 067
Capital gains		(938 072)	(5 125 621)
Provision charged during the period		473 759	--
Financial expenses		75 693 717	108 055 824
Credit interests		(4 248 004)	(6 435 628)
<b>Operating profits before changes in current assets and current liabilities</b>		<b>339 931 986</b>	<b>272 195 481</b>
Change in inventory	(10)	(62 438 671)	(86 767 084)
Change in accounts receivables and notes receivables	(11)	(25 234 828)	(2 960 180)
Change in land operating lease accrued		1 832 219	1 832 221
Change in debtors and other debit balances	(12)	(97 358 026)	(83 304 327)
Change in receivables – advance payments		(2 747 417)	(47 702 959)
Change in suppliers and notes payable		106 829 371	124 041 593
Change in creditors and other credit balances	(21)	(15 231 749)	(81 513 931)
<b>Cash flows from operating activities</b>		<b>245 582 885</b>	<b>95 820 814</b>
Paid Income taxes	(26)	(20 922 089)	(21 930 682)
Used provision		--	(74 600)
<b>Net cash from operating activities</b>		<b>224 660 796</b>	<b>73 815 532</b>
<b>Cash flows from investing activities</b>			
Payments for purchase fixed assets and projects	(5)	(16 247 526)	(8 458 228)
Proceeds from sale of fixed assets	(5)	1 050 000	1 615 940
Dividends from Investments in associates		837 001	1 188 000
Credit interest collected		3 939 030	6 547 067
Changes at current accounts hold at banks		--	(50)
Change in Time deposits (maturing after three months)	(13)	2 502 307	(17 499)
<b>Net cash from investing activities</b>		<b>(7 919 188)</b>	<b>875 230</b>
<b>Cash flows from financing activities</b>			
Change in credit banks		17 408 844	21 079 199
Paid debit interests		(67 951 947)	(97 584 854)
Change in loans	(17)	(103 825 626)	(29 390 231)
Dividends distribution paid		(6 548 414)	(21 701 754)
<b>Net cash flow from financing activities</b>		<b>(160 917 143)</b>	<b>(127 597 640)</b>
<b>Net changes in cash and cash equivalents</b>		<b>55 824 465</b>	<b>(52 906 878)</b>
Exchange Foreign currency		(353 749)	(546 067)
Cash and cash equivalent – beginning of the period		82 294 625	181 656 465
<b>Cash and cash equivalent – end of period</b>		<b>137 765 341</b>	<b>128 203 520</b>
<b>For the purpose of preparing a statement of cash flows cash and cash equivalents are represented in the following:</b>			
Cash and cash equivalent		139 116 341	129 572 019
Time deposits - maturing after three months		(1 351 000)	(1 368 499)
<b>Cash And Cash Equivalent – End of the period</b>		<b>137 765 341</b>	<b>128 203 520</b>

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

Managing Director  
Tarek Talaat Ahmed



Group Chief Financial  
Ahmed Abdel Hamid Emam



Group Financial Manager  
Moustafa Abd Elrazek





## 1. About the Company

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

#### 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 September 30, 2021 were authorized for issuance in accordance with a resolution of the board of directors on November 11, 2021.

#### **Background for the subsidiary 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 subsidiaries as follows:

	Investment nature	30 September 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	--	--

**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 Mofly – 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 Mofly – 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 4 March ,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

**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 acquisition 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

#### 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.

#### 4.4 Intangible assets

- Intangible assets are started at the historical cost and the historical cost deducts of accumulated amortization and accumulated impairment losses.
- Intangible assets with definite useful lives are amortized over the economic life of the asset and a measurement test is conducted when there is an indication of the asset's impairment. The amortization method for an intangible asset with a definite life are reviewed at least at the end of each year.

#### 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.

#### 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 long term 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.

#### **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.

#### **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.



#### **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 period.

##### **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 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(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**

	Land		Buildings and Constructions		Machinery and Equipment		Motor Vehicles		Tools		Furniture, Fixtures and computers		Enhancements of Rental Places		Total	
	EGP		EGP		EGP		EGP		EGP		EGP		EGP		EGP	
at 30 September 2021	7 543 974	--	1 021 682 688	--	2 321 926 905	--	1 12 257 846	--	13 894 694	--	30 772 137	--	1 604 342	--	3 509 682 586	--
at 1 January 2021	--	--	855 133	--	1 983 832	--	(635 690)	--	2 300	--	1 019 176	--	84 985	--	3 945 426	--
at 30 September 2021	7 543 974	--	1 022 537 821	--	2 323 910 737	--	111 622 156	--	13 896 994	--	31 791 313	--	1 689 327	--	3 512 992 322	--
Accumulated Depreciation at January 2021	--	--	292 143 852	--	922 821 333	--	64 892 087	--	7 166 528	--	27 151 177	--	1 471 572	--	1 315 646 549	--
Provision for the period of Disposals	--	--	24 259 665	--	75 017 322	--	6 210 425	--	691 765	--	1 187 858	--	82 281	--	107 449 316	--
Accumulated Depreciation at 30 September 2021	--	--	316 403 517	--	997 838 655	--	70 578 750	--	7 858 293	--	28 339 035	--	1 553 853	--	1 422 572 103	--
Book value at 30 September, 2021	7 543 974	--	706 134 304	--	1 326 072 082	--	41 043 406	--	6 038 701	--	3 452 278	--	135 474	--	2 090 420 219	--

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

Depreciated asset that still used	Buildings and Constructions		Machinery and Equipment		Motor Vehicles		Tools		Furniture, Fixtures and computers		Leasehold improvements		Total	
	EGP		EGP		EGP		EGP		EGP		EGP		EGP	
	18 012 376	--	20 779 876	--	6 838 384	--	4 651 956	--	10 996 226	--	1 140 783	--	62 419 601	--

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)**

	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
at 31 December 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
at 1 January 2020	--	--	3 630 000	1 649 500	--	--	--	5 279 500
transferred from financial fixed assets	--	2 825 951	8 618 758	6 321 627	5 423 701	6 279 963	--	23 818 000
disposals during the year	--	(414 479)	(1 742 607)	(1 708 502)	--	--	--	(3 865 588)
at 31 December 2020	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
accumulated Depreciation at 1 January 2020	--	259 761 734	820 747 080	55 658 014	6 419 819	25 375 095	1 361 863	1 169 323 605
recognition of financial leased assets	--	32 404 569	100 201 924	9 205 327	746 709	1 776 082	109 709	144 444 320
recognition of Disposals	--	(22 451)	(210 565)	(976 074)	--	--	--	(1 209 090)
accumulated 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 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 comprehensive 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**

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>EGP</b>	<b>EGP</b>
Buildings and constructions	85 403 282	81 619 135
Machinery and equipment	11 072 836	3 561 727
Advanced payments	1 330 539	1 225 066
Information Systems	5 041 236	4 139 865
	<b>102 847 893</b>	<b>90 545 793</b>

**7. Investment available for sale**

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

The Extraordinary General Assembly meeting of The Egyptian African Company for Investment and Development was held in May 18th, 2016 and has decided to hold the company's activities for 3 years from 30 September 2016 till 30 June 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 June 25, 2019 decision, place the company under liquidation.

\* Based on the ordinary General Assembly meeting that was held in March 15, 2021 has approved the results of the liquidation and the company has been erased from the commercial register at July 6, 2021.

**8. Investments in associates**

	<b>Percentage of ownership</b>	<b>Balance as of 30 September 2021</b>	<b>Balance as of 31 December 2020</b>
		<b>EGP</b>	<b>EGP</b>
South of Upper Egypt Company of sacks manufacturing	20%	15 504 427	16 341 428
		<b>15 504 427</b>	<b>16 341 428</b>

**9. Intangible assets**

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>EGP</b>	<b>EGP</b>
<b>Cost</b>		
Beginning Balance	277 680 376	277 680 376
Ending Balance period/year	<b>277 680 376</b>	<b>277 680 376</b>
<b>Accumulated amortization</b>		
Beginning Balance period/year	(41 230 073)	(33 663 205)
Amortization during the period/year	(6 575 973)	(7 566 868)
Ending Balance period/year	<b>(47 806 046)</b>	<b>(41 230 073)</b>
<b>Net book value at the end of period/year</b>	<b>229 874 330</b>	<b>236 450 303</b>

- 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**

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>EGP</b>	<b>EGP</b>
Raw materials	58 306 480	68 187 417
Gasoline, Mazot & coal	73 833 494	67 201 913
Spare parts	85 098 045	80 494 950
Work in progress	384 880 314	337 511 643
Finished goods	41 177 506	27 461 245
	<b>643 295 839</b>	<b>580 857 168</b>

**11. Accounts receivable and notes receivable**

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>EGP</b>	<b>EGP</b>
Accounts receivable	78 076 456	50 743 050
Notes receivable	--	2 279 528
	<b>78 076 456</b>	<b>53 022 578</b>
<b>(Less) :</b>		
Impairment in value of accounts receivable & notes receivable	(1 320 000)	(1 500 950)
	<b>76 756 456</b>	<b>51 521 628</b>

**12. Debtors and other debit balances**

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>EGP</b>	<b>EGP</b>
Advanced payment – suppliers	183 526 554	69 480 241
(ASEC) Technical Managing	3 429 073	11 523 909
Tax authority– value added tax	16 578 627	22 528 371
Tax authority–Real estate tax	2 974 508	2 974 508
Tax authority– withholding taxes	17 735 602	15 113 795
Deposits with others	38 195 332	38 911 332
Prepaid expenses	8 587 076	12 354 113
Cover of letter of guarantee	--	5 718 533
Letter of credit	4 659 737	6 804 441
Accrued interest on time deposits	345 774	36 800
Other debit balances	25 542 970	18 462 209
	<b>301 575 253</b>	<b>203 908 252</b>
<b>(Less):</b>		
Impairment in Debtors and other debit balances	(4 028 771)	(4 028 771)
	<b>297 546 482</b>	<b>199 879 481</b>

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

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>EGP</b>	<b>EGP</b>
Cash on hand	2 102 887	1 859 721
Current accounts in banks	115 410 867	78 544 011
Time deposit (maturing during three months)	20 251 587	1 410 743
Time deposits (maturing more than three months)	1 351 000	3 853 307
Checks under collection	--	480 150
	<b>139 116 341</b>	<b>86 147 932</b>

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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 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 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
Individual & IPO	22.94%	16 512 043	165 120 430
	<b>% 100</b>	<b>72 000 000</b>	<b>720 000 000</b>

**15. Reserves**

	Legal reserve EGP	General reserve EGP	Capital reserve EGP	Total 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 September 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 September 2021 EGP	31 December 2020 EGP
Beginning Balance for the period/year	425 608 684	436 443 144
Non-controlling interest -share in net profit for the period/year	14 658 473	(10 834 379)
Non-controlling interest -share in dividends distribution	(38)	(81)
Ending balance for the period/year	440 267 119	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 September 2021	31 December 2020
		EGP	EGP
<b>Minya Portland Cement shareholders</b>			
Safari limited for investments	30.72	341 212 637	329 852 163
Industrial Fund for Developing countries	4.64	51 525 761	49 810 241
FLSmith	4.27	47 470 460	45 889 958
National Company for development and trading	--	57 540	55 624
Others	--	346	334
<b>ASECO READY MIX shareholders</b>			
Others	0.01	375	364
		<b>440 267 119</b>	<b>425 608 684</b>

**17. Long term loan**

	30 September 2021	31 December 2020
	EGP	EGP
<b>The balance accrual</b>		
Misr Cement (Qena) company	303 116 333	363 830 626
Minya Portland Cement company	560 797 994	603 909 327
	<b>863 914 327</b>	<b>967 739 953</b>
<b>The Current portion</b>		
Misr Cement (Qena) company	(121 428 586)	(121 428 586)
Minya Portland Cement company	(339 744 793)	(349 489 265)
<b>Total of the current portion</b>	<b>(461 173 379)</b>	<b>(470 917 851)</b>
<b>Total long term loans</b>	<b>402 740 948</b>	<b>496 822 102</b>

- 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 subsidiary 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	
	30/9/2021	31/12/2020	30/9/2021	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	571 584	6 355 503
<b>Ending balance for the period/year</b>	<b>15 387 081</b>	<b>15 387 081</b>	<b>335 590 761</b>	<b>335 019 177</b>

**19. Provisions**

	Balance as of 1 January 2021	Charged during the period	Balance as of 30 September 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
	<b>68 966 905</b>	<b>473 759</b>	<b>69 440 664</b>

**20. Credit Facilities**

The balance of the debit current account on September 30, 2021 of Qena Cement Company, has facilities 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.

**21. Creditors and other credit balances**

	30 September 2021	31 December 2020
	EGP	EGP
Tax authority	10 237 377	21 161 785
Retention	13 746 188	15 909 922
Liabilities from Finance lease contracts	--	880 496
Syndicate Stamps	6 342 898	6 402 532
Employees services association	689 907	275 708
Social insurance authority	1 509 651	1 504 758
Tax authority- value add tax	21 630 563	29 219 457
Production development fees	2 927 855	6 643 073
Accrued debit interests	12 410 930	4 669 160
Accrued expenses	35 719 265	30 756 545
Creditors - Dividends	21 214 396	2 260 314
Other- creditors	21 506 044	16 787 221
	<b>147 935 074</b>	<b>136 470 971</b>

**22. Cost of sales**

	30 September 2021	30 September 2020
	EGP	EGP
Depreciation and amortization	97 697 683	105 520 009
Governmental fees and technical management contract fees	340 906 489	367 754 777
Electricity and power	715 449 281	840 721 496
Raw materials and packaging materials	315 026 756	156 345 334
Rent	3 935 656	6 455 874
Indirect costs	68 355 069	100 831 848
	<b>1 541 370 934</b>	<b>1 577 629 338</b>



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**23. Selling and marketing expenses**

	<b>30 September 2021</b>	<b>30 September 2020</b>
	<b>EGP</b>	<b>EGP</b>
Depreciation	358 724	578 743
Salaries and wages	11 425 924	9 519 671
Others	3 148 012	4 792 032
	<b>14 932 660</b>	<b>14 840 446</b>

**24. General and administrative expenses**

	<b>30 September 2021</b>	<b>30 September 2020</b>
	<b>EGP</b>	<b>EGP</b>
Depreciation And Amortization	1 026 301	2 584 647
Salaries and wages	58 678 192	51 097 788
Donations	2 459 229	4 621 380
Insurance expenses	3 731 153	3 610 338
Others	44 046 799	35 479 949
	<b>109 941 674</b>	<b>97 394 102</b>

**25. Other Revenues**

	<b>30 September 2021</b>	<b>30 September 2020</b>
	<b>EGP</b>	<b>EGP</b>
Fixtures remaining	19 145	68 535
Rents	759 228	1 808 807
Revenue from transport ,shipping and handling	30 642 189	100 685 178
Revenue from spare parts	414 479	10 559 117
Others	299 205	3 079 508
	<b>32 134 246</b>	<b>116 201 145</b>
Transport shipping and handling expenses	(30 704 679)	(100 685 178)
Spare Parts Cost	(414 479)	(10 559 117)
	<b>1 015 088</b>	<b>4 956 850</b>

**26. Accrued Income tax**

	<b>30 September 2021</b>	<b>31 December 2020</b>
	<b>EGP</b>	<b>EGP</b>
Beginning balance	20 441 340	21 650 583
accrued income tax for the period	31 932 308	20 721 440
Payments to tax authority	(20 922 089)	(21 930 683)
	<b>31 451 559</b>	<b>20 441 340</b>

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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	404 455	--
ASECO for ready mix company	11 207 788	25 092 145
	11 612 243	25 092 145

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

	Nature of the relation	Type	30 September 2021 EGP
<b>Company</b> Misr Insurance	Shareholder	Insurance installments	5 163 459
South of upper Egypt company (main supplier)	Associate	Sacks supplying	113 020 765

**28. Capital Commitments**

	Currency	Contract amount	Balance as of 30 September 2021
Minya Portland Cement	EGP	28 956 761	17 747 503
Minya Portland Cement	EUR	285 000	3 818 550
<b>Total</b>			21 566 053

**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**

	31 December 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

### **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.

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 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.

**31. Tax Situation (followed)**

**b. Salary tax(followed)**

**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.

**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 2011/2015**

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 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 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 rejected on this claim and the dispute has been resolved by the Supreme Committee.

**31. Tax Situation (followed)**

**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.
- 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.

**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 (Ioss)	48 (Ioss)

- 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.

**31. Tax Situation (followed)**

**A. Corporate tax (follow)**

**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.

**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 5<sup>th</sup>, 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 393 281 has been made under Account of real estate tax for the year 2021.

### **31. Tax Situation (followed)**

#### **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.
- The company was inspected from 2016 to 2018 by total amount 101 644 052 EGP, was objected and still the process of examination.

##### **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.
- The company was inspected and paid from the beginning of the activity to 2017.

##### **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 till 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 September 2016.
- The company was inspected and reconciliation until 2016, there is no accrued balance.
- The inspection in progress about value tax from 2017 to 2019.

##### **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 law 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 2020 has 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 its spread. The company has formed a risk committee to manage the crisis and the objectives of this year have 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 series 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 no effect on the company's current economic situation (its financial position, business result and cash flow).
- And given to 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 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 recognizing 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 Abd Elrazek

