

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

---

Separate Interim Financial Statements  
For The Year Ended March 31, 2022  
And limited Review Report

<b>Contents</b>	<b><u>Page</u></b>
Limited Review Report	3
Separate interim Statement of Financial Position	4
Separate interim Statement of Income	5
Separate interim Statement of Comprehensive Income	6
Separate interim Statement of Change in Equity	7
Separate interim Statement of Cash Flows	8
Notes to the Separate interim Financial Statements	9– 28

### 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 31 March, 2022 and the related separate interim statements of income Separate interim, other comprehensive income Separate interim, change of equity Separate interim and cash flows Separate interim for the three-month 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 31 March, 2022 and its financial performance and its cash flow for the three-month ended then, in accordance with Egyptian accounting standards.

Cairo, May 15, 2022

Auditor  
**KRESTON  
EGYPT**  
Tamer Nabarawy & Co.  
General Farag  
Financial Regulatory Authority  
Register Number (345)  
**Public Accountants & Consultants**  
Tamer Nabarawy and Co.  
**KRESTON EGYPT**


**Misr Cement (Qena) Company (S.A.E)**  
 Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
 Originally issued in Arabic

**Separate interim Statement of Financial Position**

	Note	<b>31 March 2022</b>	<b>31 December 2021</b>
<b>Assets</b>		<b>EGP</b>	<b>EGP</b>
<b>Non-current assets</b>			
Fixed assets	(5)	430 301 084	445 220 114
Intangible assets	(6)	1 728 743	1 890 813
Project under construction		130 738	130 738
Investments in subsidiaries	(7)	1 157 304 322	1 157 304 322
Financial investments at fair value through OCI	(8)	--	--
Investments in associates	(9)	800 000	800 000
Deferred tax Assets	(17)	14 938 441	14 938 441
<b>Total non-current assets</b>		<b>1 605 203 328</b>	<b>1 620 284 428</b>
<b>Current assets</b>			
Inventory	(10)	140 004 928	266 438 270
Due from related parties	(11-A)	20 243 888	14 519 521
Debtors and other debit balances	(12)	201 502 678	35 643 009
Cash on hand and at banks	(13)	215 814 044	50 116 217
<b>Total current assets</b>		<b>577 565 538</b>	<b>366 717 017</b>
<b>Total assets</b>		<b>2 182 768 866</b>	<b>1 987 001 445</b>
<b>Equity</b>			
Issued and paid up capital	(14)	720 000 000	720 000 000
Reserves	(15)	210 929 335	206 198 292
Retained earnings		329 284 771	289 530 197
Net Profit for the period/ year		48 077 329	93 810 764
<b>Total Equity</b>		<b>1 308 291 435</b>	<b>1 309 539 253</b>
<b>Non-current liabilities</b>			
Long term loans	(16)	120 973 456	120 973 456
Deferred tax liabilities	(17)	62 231 959	64 002 746
<b>Total non-current liabilities</b>		<b>183 205 415</b>	<b>184 976 202</b>
<b>Current liabilities</b>			
Provisions	(18)	69 699 664	69 699 664
Facilities	(20)	27 091 894	48 149 674
Current portion of long term loans	(16)	121 428 585	121 428 585
Receivables – advance payments		82 570 731	27 296 250
Suppliers and notes payable	(19)	210 543 296	105 275 346
Due to related parties	(11-B)	2 635 403	15 053 887
Creditors and other credit balances	(21)	133 243 150	74 688 737
Income tax		44 059 293	30 893 847
<b>Total current liabilities</b>		<b>691 272 016</b>	<b>492 485 990</b>
<b>Total liabilities and equity</b>		<b>2 182 768 866</b>	<b>1 987 001 445</b>

- The accompanying notes are an integral part of these separate interim financial statements.  
 - limited review report attached

  
**Managing Director**  
 Tarek Talaat Ahmed

  
**Group Chief Financial**  
 Ahmed Abdel Hamid Emam

  
**Group Financial Manager**  
 Moustafa Abdel Razeq


**Misr Cement (Qena) Company (S.A.E)**  
 Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
 Originally issued in Arabic

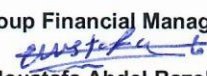
**Separate interim Statement of Income**

	Note	31 March 2022	31 March 2021
		EGP	EGP
Net Sales		308 882 029	341 479 141
<b>(Less):</b>			
Cost of sales	(22)	(241 584 822)	(283 717 368)
<b>Gross profit</b>		<b>67 297 207</b>	<b>57 761 773</b>
Selling and marketing expenses	(23)	(3 101 910)	(2 345 308)
General and administrative expenses	(24)	(19 161 150)	(15 522 810)
Amortization of intangible assets		(162 070)	(100 518)
Other revenue	(25)	916 861	481 861
Board of directors' salaries, attendance and transportation allowances		(548 512)	(967 530)
<b>Total expenses</b>		<b>(22 056 781)</b>	<b>(18 454 305)</b>
<b>Net Operating profits</b>		<b>45 240 426</b>	<b>39 307 468</b>
<b>Add / (Less):</b>			
Finance expense		(7 204 571)	(11 808 418)
Provisions charged		--	(473 759)
Expected credit loss		(110 000)	--
Foreign currency exchange differences		4 520 528	(47 389)
Credit interest		1 152 829	1 098 924
Revenue from investments in associate and subsidiaries companies		15 872 775	6 420 889
<b>Net Profits for the period before Taxes</b>		<b>59 471 987</b>	<b>34 497 715</b>
<b>(Less):</b>			
Income tax		(13 165 446)	(8 742 379)
Deferred Tax		1 770 788	1 801 279
<b>Net Profits For The period After Taxes</b>		<b>48 077 329</b>	<b>27 556 615</b>
<b>Earnings per share (EGP/Share)</b>	(26)	<b>0.60</b>	<b>0.34</b>

- The accompanying notes are an integral part of these separate interim 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)**  
Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
Originally issued in Arabic

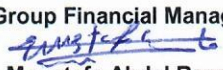
**Separate interim Statement of Comprehensive Income**

	<u>31 March 2022</u>	<u>31 March 2021</u>
	<u>EGP</u>	<u>EGP</u>
Net Profits For The period After Taxes	48 077 329	27 556 615
<b>Add / (Less):</b>		
Other comprehensive income	--	--
<b>Total comprehensive income for the period</b>	<b>48 077 329</b>	<b>27 556 615</b>

- The accompanying notes are an integral part of these separate interim 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)**  
Separate interim Financial statements For The period Ended March 31, 2022

**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>31 March 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)		--		--	
Distributed Dividends	--		--		(23 933 813)		--		(23 933 813)	
Total Comprehensive Income for the period	--		--		--		27 556 615		27 556 615	
<b>Balance at 31 March 2021</b>	<b>720 000 000</b>		<b>201 895 457</b>		<b>303 518 816</b>		<b>27 556 615</b>		<b>1 252 970 888</b>	
<b>31 March 2022</b>										
Balance at 1 January 2022	720 000 000		206 198 292		289 530 197		93 810 764		1 309 539 253	
Transferred to retained earnings	--		--		93 810 764		(93 810 764)		--	
Transferred to Reserves	--		4 731 043		(4 731 043)		--		--	
Distributed dividends	--		--		(49 325 147)		--		(49 325 147)	
Total Comprehensive Income for the period	--		--		--		48 077 329		48 077 329	
<b>Balance at 31 March 2022</b>	<b>720 000 000</b>		<b>210 929 335</b>		<b>329 284 771</b>		<b>48 187 329</b>		<b>1 308 291 435</b>	

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

  
Managing Director  
Tarek Talaat Ahmed

  
Group Chief Financial  
Ahmed Abdel Hamid Emam


  
Group Financial Manager  
Moustafa Abdel Razeq

**Misr Cement (Qena) Company (S.A.E)**  
 Separate interim Financial statements For The period Ended March 31, 2022

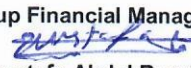
**Separate interim Statement of Cash Flows**

	Note	31 March 2022 EGP	31 March 2021 EGP
<b>Cash Flows From Operating Activities</b>			
Net Profits for the period before taxes		59 471 987	34 497 715
<b>Adjustment to reconcile net profit to cash flow from operating activities</b>			
Depreciation of fixed assets	(5)	15 509 508	15 561 540
Amortization of intangible assets	(6)	162 070	100 518
Revenue from investment		(15 872 775)	(6 420 889)
Provisions charged	(19)	--	473 759
Expected credit loss		110 000	--
Foreign currency exchange	(4.1)	(4 520 528)	47 389
Debit interest		7 204 571	11 808 418
Credit interest	(4.9)	(1 152 829)	(1 098 924)
<b>Net Operating profits</b>		<b>60 912 004</b>	<b>54 969 526</b>
Change in inventory	(10)	126 433 343	43 637 379
Change in related parties	(11)	(18 142 851)	4 880 812
Change in debtors and other debit balances	(12)	(150 193 922)	21 826 590
Change in receivables – advance payments		55 274 481	14 710 288
Change in suppliers	(19)	105 267 950	(102 886 804)
Change in creditors and other credit balances	(21)	(2 563 210)	18 579 033
<b>Net cash Flows from operating activities</b>		<b>182 114 215</b>	<b>55 716 824</b>
<b>Cash flows from investing activities</b>			
(Payments) For purchase fixed assets	(5)	(590 478)	(11 860)
(payments) in project under construction		--	1 098 924
Collected credit interest		1 152 829	(289 002)
Collected from dividends distributions		97 028	870 671
<b>Net cash Flows from investing activities</b>		<b>659 379</b>	<b>1 668 733</b>
<b>Cash flows from financing activities</b>			
Change in facilities		(21 057 780)	(11 407 075)
Debit interest paid		(538 515)	(1 803 076)
Distributed dividends - paid		--	(372 677)
<b>Net cash flows from financing activities</b>		<b>(21 596 295)</b>	<b>(13 582 828)</b>
<b>Net cash and cash equivalents during the period</b>		<b>161 177 299</b>	<b>43 802 729</b>
Foreign Currency exchange differences	(4.1)	4 520 528	(47 389)
Cash and cash equivalent – beginning of the period		48 765 217	56 942 439
<b>Cash And Cash Equivalent – End of the period</b>		<b>214 463 044</b>	<b>100 697 779</b>
<b>For the purpose of preparing the statement of cash flow :</b>			
Cash and cash equivalent		215 814 044	102 337 781
<b>(Less):</b>			
Time deposit – maturing after three months		(1 351 000)	(1 640 002)
<b>Cash and cash equivalent – end of the period</b>		<b>214 463 044</b>	<b>100 697 779</b>

- The accompanying notes are an Integral part of these separate interim 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)**  
Separate interim Financial statements For The period Ended March 31, 2022

---

**Notes to the interim separate Financial Statements**

**1. About the Company**

**1.1. Company's Background**

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

**1.2. Company's purpose**

- 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.
- Based on the decision of the Extraordinary General Assembly held on March 30, 2022, the company's head office was changed to be: 22 Anwar Al-Mufti Street - Tiba Project 2000 - Nasr City - Cairo. The entry was made in the commercial register on May 12, 2022.

**1.4. The company duration**

- The duration of the company is 25 periods starting from the date of the registration in the commercial register
- Based on the decision of the Extraordinary General Assembly held on March 30, 2022, the duration of the company was set to start from May 24, 2022 and end on May 23, 2047 according to the record in the Commercial Register. The entry was made in the commercial register on May 12, 2022.

**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 period ended March 31, 2022 were authorized for issuance in accordance with a resolution of the board of directors on May 15, 2022.

**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 March 31, 2022

---

**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. Expected credit loss in value of commercial debtors.**

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)**  
Separate interim Financial statements For The period Ended March 31,2022

---

**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:

<b>Assets</b>	<b>Depreciation rate</b>
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.

**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.

**Misr Cement (Qena) Company (S.A.E)**  
Separate interim Financial statements For The period Ended March 31, 2022

---

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

**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 Financial investments at fair value through OCI**

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

**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.

**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 Expected Credit Loss**

- The company has two types of financial assets that are subject to the expected credit losses model according to this methodology:
  - a. Customer balances and notes receivables generated from services to customers
  - b. Contract principles related to the company's contracts with customers
- The company applies the simplified approach to the impairment of financial assets in accordance with the Egyptian Accounting Standard No. (47) Financial Instruments in order to measure expected credit losses, which uses a provision for expected credit losses over the life time of all customer balances and contract assets with customers
- To calculate the ECL, we depended on the customer and contract assets with customers balances as a group based on common credit risk characteristics and the number of days past due. Where the assets of the contract with the customer relate to the work in progress that has not been invoiced and has the same risk characteristics as customer balances for the same types of contracts Accordingly, the company concluded that the expected credit loss rates for customer balances are a reasonable approximation of the expected credit loss rates for the assets of contracts with customers

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

## Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
Originally issued in Arabic

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

##### 4.9 Expected Credit Loss (followed)

- ECL rates depended on analyzes of sales payments over the 36 months before December 31, 2021 and the corresponding historical credit losses incurred during this period.
- The default rate calculated through this approach and used to calculate ECL is the company's historical default rates for each level of number of days past due by the company's customers, which is depended on sales payment analyzes over the 36 months before December 31 2021 and the corresponding historical credit losses that have been incurred during this period
- In order to determine losses related to customer balances, notes receivables, and contract assets, the minimum allowable loss in case of failure (Loss Given Default) for each balance at risk is 100% due to the lack of any guarantee with the company.
- The amount that the debtor owes to the company at the time of the failure to pay is known as the balance exposed to failure (Exposure at Default), and the clearing is recognized in the statement of financial position between the balance of the debiting customer and the balance of the same crediting customer, the balance exposed to failure is determined as the unpaid balance on the date of the report, including any interest accrued till the date of the report.
- Egyptian Accounting Standard No. (47) Requires that the purpose of estimating ECL is not a worst-case scenario or a best-case scenario estimate. Instead, the ECL estimate should always reflect the probability that credit losses will occur, even if the most likely outcome is no credit losses. Therefore, the company applies macroeconomic scenarios to expected credit losses, where historical loss rates are adjusted to reflect current and future information about macroeconomic factors that affect the ability of customers to settle outstanding debt balances. The company has determined that the gross domestic product and the current account balance as a percentage of the gross domestic product and the annual change in the rate of inflation "average consumer prices" in the Arab Republic of Egypt, which is the country are sale the goods and the services so these indicators are the most relevant factors and thus adjust the loss rates historical based on expected changes in these factors.

##### 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.

**Misr Cement (Qena) Company (S.A.E)**  
Separate interim Financial statements For The period Ended March 31, 2022

---

Translation of financial statements  
Originally issued in Arabic

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

**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.

**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.

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

## Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
Originally issued in Arabic

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

##### 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.

##### 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.

**Misr Cement (Qena) Company (S.A.E)**  
Separate interim Financial statements For The period Ended March 31, 2022

---

Translation of financial statements  
Originally issued in Arabic

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

**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.



**Misr Cement (Qena) Company (S.A.E)**  
 Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
 Originally issued in Arabic

5. Fixed assets	Land	Buildings and constructions	Machinery and Equipment	Motor Vehicles	Tools	Furniture and Fixtures	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
31 March 2022	7 221 739	276 010 861	981 454 250	6 852 244	13 894 694	12 798 875	1 298 232 663
Cost at 1 January 2022	--	--	--	--	--	590 478	590 478
Additions during the period							
Cost at 31 March 2022	7 221 739	276 010 861	981 454 250	6 852 244	13 894 694	13 389 353	1 298 823 141
Accumulated depreciation at 1 January 2022	--	185 990 369	640 483 160	6 846 700	8 089 028	11 603 292	853 012 549
Depreciation for the period	--	3 151 794	11 994 357	693	230 708	131 956	15 509 508
Accumulated depreciation at 31 March 2022	--	189 142 163	652 477 517	6 847 393	8 319 736	11 735 248	868 522 057
Net book value at 31 March 2022	7 221 739	86 868 698	328 976 733	4 851	5 574 958	1 654 105	430 301 084

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

Buildings and Constructions	Machinery and Equipment	Motor Vehicles	Tools	Furniture and Fixtures	Total
EGP	EGP	EGP	EGP	EGP	EGP
24 367 524	20 779 876	6 838 384	4 651 956	10 937 792	67 575 532
Cost of fully depreciated assets and still being used.					

- There is a commercial mortgage 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 Sales (Note 22)	21 803 390
Selling and marketing expenses ( Note 23)	34 471
General and administrative expenses ( Note 24)	115 366
	<u>21 953 227</u>

**Misr Cement (Qena) Company (S.A.E)**  
 Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
 Originally issued in Arabic

5. Fixed assets (Followed)	Land		Buildings and Constructions		Machinery and Equipment		Motor Vehicles		Tools		Furniture and Fixtures		Total	
	EGP		EGP		EGP		EGP		EGP		EGP		EGP	
<b>31 December 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 year	--	303 633	--	--	--	--	--	--	--	--	873 090		1 176 723	
Disposals during the year	--	--	--	--	--	--	--	--	--	--	(108 473)		(108 473)	
<b>Cost at 31 December 2021</b>	<b>7 221 739</b>		<b>276 010 861</b>		<b>981 454 250</b>		<b>6 852 244</b>		<b>13 894 694</b>		<b>12 798 875</b>		<b>1 298 232 663</b>	
Accumulated depreciation at 1 January 2021	--		172 990 129		592 505 732		6 843 928		7 166 528		11 453 749		790 960 066	
Depreciation for the year	--		13 000 240		47 977 428		2 772		922 500		258 016		62 160 956	
Accumulated depreciation of Disposals	--		--		--		--		--		(108 473)		(108 473)	
<b>Accumulated depreciation at 31 December 2021</b>	<b>--</b>		<b>185 990 369</b>		<b>640 483 160</b>		<b>6 846 700</b>		<b>8 089 028</b>		<b>11 603 292</b>		<b>853 012 549</b>	
<b>Net book value at 31 December 2021</b>	<b>7 221 739</b>		<b>90 020 492</b>		<b>340 971 090</b>		<b>5 544</b>		<b>5 805 666</b>		<b>1 195 583</b>		<b>445 220 114</b>	

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

Cost of fully depreciated assets and still being used.	Buildings and Constructions		Machinery and Equipment		Motor Vehicles		Tools		Furniture and Fixtures		Total	
	EGP		EGP		EGP		EGP		EGP		EGP	
	18 012 376		20 779 876		6 838 384		4 651 956		10 894 898		61 177 490	
- There is a commercial mortgage 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		58 950 457										
Selling and marketing expenses		160 547										
General and administrative expenses		300 571										
		<b>59 411 575</b>										

**Misr Cement (Qena) Company (S.A.E)**  
 Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
 Originally issued in Arabic

**6. Intangible assets**

	31 March 2022	31 December 2021
	EGP	EGP
SAP program	4 357 577	2 010 361
Additions during the period/ year	--	2 347 216
Balance at 31 March 2022	<b>4 357 577</b>	<b>4 357 577</b>
<b>(less):</b>		
Accumulated amortization at 1 January 2022	(2 466 764)	(804 144)
amortization during the period / year	(162 070)	(1 662 620)
Accumulated amortization on 31 March 2022	(2 628 834)	(2 466 764)
<b>Net book value on 31 March 2022</b>	<b>1 728 743</b>	<b>1 890 813</b>

**7. Investments in subsidiaries**

	Percentage of Ownership	31 March 2022	31 December 2021
		EGP	EGP
Minya Portland Cement (S.A.E)	<b>60.36%</b>	1 066 863 275	1 066 863 275
Misr cement (Beton) (S.A.E) (ASECO for ready mix "previously")	<b>99.90%</b>	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 (ASEC minya cement "previously" ) and Misr cement Beton (ASECO for Ready Mix "previously") 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 Misr cement-Beton (S.A.E) (ASECO FOR ready mix) 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 Misr cement-Beton (S.A.E) (ASECO for ready mix- previously) (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. Financial investments at fair value through OCI**

	Percentage of ownership	31 March 2022	31 December 2021
		EGP	EGP
The Egyptian African company for investment	3%	--	150 000
<b>(Less):</b>			
Expected credit loss		--	(149 999)
Deposals *		--	(1)
		--	--

- The Extraordinary General Assembly meeting of The Egyptian African Company for Investment and Development was held in May18th, 2016 and has decided to hold the company's activities that starts 3 years from 31 December 2016 till 31 December 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.

**Misr Cement (Qena) Company (S.A.E)**  
 Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
 Originally issued in Arabic

**9. Investments in associates**

	Percentage of ownership	31 March 2022 EGP	31 December 2021 EGP
South of Upper Egypt Company for sacks Manufacturing	20%	800 000	800 000
		<b>800 000</b>	<b>800 000</b>

**10. Inventory**

	31 March 2022 EGP	31 December 2021 EGP
Raw materials	13 257 511	13 115 083
Coal and diesel	24 449 284	7 997 643
Spare parts	28 404 104	28 286 200
Work in progress	55 082 148	195 272 769
Finished goods	18 811 881	21 766 575
	<b>140 004 928</b>	<b>266 438 270</b>

**11. 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**

	31 March 2022 EGP	31 December 2021 EGP
Misr cement Beton (S.A.E) (ASECO for Ready Mix-previously)	20 416 606	14 692 239
<b>(Less):</b> Expected credit loss	(172 718)	(172 718)
	<b>20 243 888</b>	<b>14 519 521</b>

**B) Due to related parties**

	31 March 2022 EGP	31 December 2021 EGP
Minya Portland Cement (S.A.E)	2 635 403	15 053 887
	<b>2 635 403</b>	<b>15 053 887</b>

**Misr Cement (Qena) Company (S.A.E)**  
 Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
 Originally issued in Arabic

**12. Debtors and other debit balances**

	31 March 2022	31 December 2021
	EGP	EGP
(ASEC) Managing technical	7 437 494	3 247 102
Tax authority– addition tax	3 461 588	6 353 966
Customs duty	431 276	431 276
Deposits with others	13 569 335	13 512 935
Prepaid expenses	1 789 497	1 178 020
Cash cover letter of guarantee (Note No. 30)	3 294 000	3 294 000
Advance payments*	147 080 220	4 087 795
Employees borrowings	2 550 299	1 082 840
Other debit balances	8 078 638	4 310 491
Accrued revenue – dividends distribution	15 807 156	31 409
	<b>203 499 503</b>	<b>37 529 834</b>
<b>(Less):</b>		
Expected credit loss	(1 996 825)	(1 886 825)
	<b>201 502 678</b>	<b>35 643 009</b>

\*According to the verdict of Qena administrative court in the session held on April 13,2021 the impairment of real-estate tax has been settled in the balance of tax authority amounted EGP 2 974 506.

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

	31 March 2022	31 December 2021
	EGP	EGP
Current accounts - Local currency	146 715 396	44 812 386
Current accounts - foreign currency	55 239 259	63 604
Time deposit - maturing during three months	10 856 500	1 356 500
Time deposits - maturing after three months	1 351 000	1 351 000
Cash on hand	1 651 889	2 532 727
	<b>215 814 044</b>	<b>50 116 217</b>

**14. 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 .

**Misr Cement (Qena) Company (S.A.E)**  
 Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
 Originally issued in Arabic

**14 .Issued and Paid Up Capital (followed)**

To become authorized capital amount to EGP 1 500 000 000, and issued and paid up capital amount to EGP 720 000 000  
 Distributed on shareholder's as follow:

	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>

**15. Reserves**

	Legal reserve EGP	General reserve EGP	Capital reserve EGP	Total EGP
Balance at beginning of period	188 277 478	10 216 984	7 703 830	206 198 292
Charged during the period	4 690 538	--	40 505	4 731 043
Balance as of 31/3/2022	<b>192 968 016</b>	<b>10 216 984</b>	<b>7 744 335</b>	<b>210 929 335</b>

**16. Long term loans**

In November 16th, 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 31 March 2022 became EGP 134 402 040.

	31 March 2022 EGP	31 December 2021 EGP
Long term loans	242 402 041	242 402 041
Current portion from long term loans	(121 428 585)	(121 428 585)
	<b>120 973 456</b>	<b>120 973 456</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 7).

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

	Assets		Liabilities	
	31/3/2022 EGP	31/12/2021 EGP	31/3/2022 EGP	31/12/2021 EGP
Balance at the beginning of the year	14 938 441	15 387 081	64 002 746	69 774 402
Assets (liabilities) deferred tax movements	--	(448 640)	(1 770 787)	(5 771 656)
Balance at the ending of the period	<b>14 938 441</b>	<b>14 938 441</b>	<b>62 231 959</b>	<b>64 002 746</b>

**Misr Cement (Qena) Company (S.A.E)**  
 Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
 Originally issued in Arabic

**18. Provisions**

	Balance as of 1 January 2022	Charged during the period	Balance as of 31 March 2022
	EGP	EGP	EGP
Tax provision	8 516 731	--	8 516 731
Provision for current claims and litigations according to legal opinion	21 269 174	--	21 269 174
Provision for claims	39 913 759	--	39 913 759
	<b>69 699 664</b>	<b>--</b>	<b>69 699 664</b>

**19. Suppliers and Notes payable**

	31 March 2022	31 December 2021
	EGP	EGP
Suppliers	91 082 096	105 275 346
Notes payables	119 461 200	--
	<b>210 543 296</b>	<b>105 275 346</b>

**20. Facilities**

The company has a facilities in 31 March 2022 amounted EGP 27 091 894 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**

	31 March 2022	31 December 2021
	EGP	EGP
Tax authority	4 639 890	5 008 178
Value added tax on Cement	15 863 080	14 860 102
Production development fees	4 011 028	3 734 437
Retentions	16 134 792	16 111 264
Syndicate Stamps	6 401 985	6 385 852
Employees services association	187 268	461 636
Social insurance authority	1 452 054	966 080
Accrued debit interests	9 628 748	2 962 692
Accrued for suppliers (Cement transportation)	7 336 909	7 153 470
Payables for purchase fixed assets	7 406 832	7 406 832
Credit – Dividends	50 368 284	1 043 137
Solidarity contribution of medical insurance accrual	3 951 867	3 164 024
Other credit balances	5 860 413	5 431 033
	<b>133 243 150</b>	<b>74 688 737</b>

**22. Cost of Sales**

	31 March 2022	31 March 2021
	EGP	EGP
Depreciation	21 803 390	33 258 964
Governmental fees and Technical management fees	39 119 804	46 902 859
Packing materials	56 225 119	67 753 425
Electricity and power	108 190 440	115 072 073
Indirect cost	16 246 069	20 730 047
	<b>241 584 822</b>	<b>283 717 368</b>

**Misr Cement (Qena) Company (S.A.E)**  
 Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
 Originally issued in Arabic

**23. Selling and marketing expenses**

	31 March 2022	31 March 2021
	EGP	EGP
Salaries and wages	2 458 428	1 900 890
Depreciation	34 471	58 399
Stamps	155 598	43 015
Traveling and Transportation expenses	73 916	9 628
Others expenses	379 497	333 376
	<b>3 101 910</b>	<b>2 345 308</b>

**24. General and administrative expenses**

	31 March 2022	31 March 2021
	EGP	EGP
Depreciation	115 366	193 277
Salaries and wages	10 747 058	9 002 944
Donations	1 043 530	526 962
Insurance Expenses	100 368	148 700
Public relations and advertisement expenses	939 095	570 849
Other services expenses	306 433	153 452
Training, researches and consulting expenses	598 775	284 500
Medical and pension funds	465 412	739 730
Transportation and travelling expenses	199 455	27 586
Material and supplies	367 162	100 228
Rent and transportation allowances	438 701	102 025
Solidarity contribution of medical insurance	787 843	871 949
Other expenses	3 051 952	2 800 608
	<b>19 161 150</b>	<b>15 522 810</b>

**25. Other Revenues**

	31 March 2022	31 March 2021
	EGP	EGP
Rent	--	271 880
Revenue from Transport, shipping and handling	11 439 708	10 618 847
Miscellaneous revenue	374 706	209 981
	<b>11 814 414</b>	<b>11 100 708</b>
<b>(Less):</b>		
Transport, shipping and handling cost	(10 897 553)	(10 618 847)
	<b>916 861</b>	<b>481 861</b>

**26. Earnings per share**

	31 March 2022	31 March 2021
	EGP	EGP
Net profits for the period	48 077 329	27 556 615
Employees profit share	(4 567 346)	(2 617 878)
Board of directors' bonus	(510 612)	(556 091)
<b>Remaining profits</b>	<b>42 999 371</b>	<b>24 382 646</b>
Number of shares	72 000 000	72 000 000
<b>Earnings per share</b>	<b>0.60</b>	<b>0.34</b>



**Misr Cement (Qena) Company (S.A.E)**  
 Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
 Originally issued in Arabic

**26. Earnings per share (followed)**

	31 March 2022	31 March 2021
	EGP	EGP
Expected average of number of shares: 72 000 000 × 3/3 =	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>

**27. Comparative figures**

	Dec 31,2021 After adjustments	Adjustments	Dec 31,2021 before adjustments
<b>- Income statement</b>			
Cost of sales	283 717 368	3 056 984	280 660 384
Selling and marketing expenses	2 345 308	(3 056 984)	5 402 292

**28. Related party transaction**

During the year the company and the related parties had a transaction between them based on the general assembly meeting :

	Nature of the relation	Type	31 March 2022
Misr Insurance	Shareholder	Insurance installments	1 120 081
South of upper Egypt company (main supplier)	Associate company	Supplying bags	11 752 848
Misr Cement Beton (Previously ASECO for ready mix company)	Subsidiary company	Cement sales	9 533 618
Misr Cement Beton (Previously ASECO for ready mix company)	Subsidiary company	Others income	70 680
Minya Portland Cement	Subsidiary company	Rent revenue	91 200

**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.

**Misr Cement (Qena) Company (S.A.E)**  
Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
Originally issued in Arabic

**29. Tax Situation (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.

**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 compan

**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.

**Misr Cement (Qena) Company (S.A.E)**  
Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
Originally issued in Arabic

**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 amounts was paid to avoid the penalties, the dispute was referred to the court, the case is being taken to court.

**3. Years from 2011/2015**

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

**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 2020/2021**

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

**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 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.

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

## Separate interim Financial statements For The period Ended March 31, 2022

Translation of financial statements  
Originally issued in Arabic

### 29. Tax Situation (Followed)

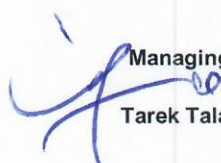
- The real estate tax authority filed form 3 real estate tax on the company's head office to estimate the annual tax by EGP 55 423 by total of accrued tax of EGP 471 096 till 31 December 2021 and delay fees. and the company the tax till due to date and the forms were appealed to resolve the dispute in 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. Contingent liabilities

The name of bank issued letter of grantee	Letter of grantee amount	Covered amount	Uncovered amount
	EGB	EGP	EGP
National bank of Egypt	3 294 000	3 294 000	--

### 31. 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.
- 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 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