

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

Consolidated Financial Statements
For the Period Ended September 30, 2022
And Limited Review Report

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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, 2022 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, 2022 and of financial performance and its cash flows for the nine months then ended in accordance with the Egyptian accounting standards.

Cairo, November 13, 2022



Auditor
**KRESTON
EGYPT**
Tamer Nabarawy & Co.
Financial Regulators & Consultants
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 2022

Translation of financial statements
Originally issued in Arabic

CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

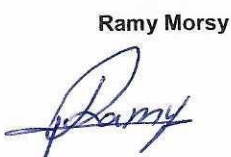
Assets	Notes	30 September 2022	31 December 2021
Non-current Assets		EGP	EGP
Fixed assets – Net	(5)	1 990 758 603	2 076 650 071
Projects under construction	(6)	78 232 553	88 001 953
Assets right to use	(7)	6 634 678	6 827 921
Financial investment at fair value through OCI	(8)	--	--
Investments in associates	(9)	15 807 588	17 519 074
Goodwill		481 159 424	481 159 424
Intangible assets	(10)	225 295 074	231 628 313
Deferred tax assets	(19)	10 438 441	14 938 441
Total non-current assets		2 808 326 361	2 916 725 197
Current assets			
Inventory	(11)	744 501 263	509 762 987
Accounts receivable	(12)	75 974 249	39 618 397
Debtors and other debit balances	(13)	265 402 815	171 101 795
Non – current assets held for sale		1 618 400	1 618 400
Cash on hand and at banks	(14)	198 603 318	97 032 842
Total current assets		1 286 100 045	819 134 421
Total assets		4 094 426 406	3 735 859 618
Equity			
Issued & paid up capital	(15)	720 000 000	720 000 000
Reserves	(16)	210 929 335	206 198 292
Retained earnings		449 371 077	378 014 112
Net profit for the period / year		63 093 539	146 060 561
Total attributed to parent's shareholders		1 443 393 951	1 450 272 965
Non- controlling of interests	(17)	470 639 244	454 204 191
Total equity		1 914 033 195	1 904 477 156
Non-current liabilities			
Long term loans	(18)	60 259 164	248 052 768
Operating lease liability	(7)	26 931 057	25 078 706
Deferred tax liabilities	(19)	327 451 366	335 647 893
Total non-current liabilities		414 641 587	608 779 367
Current liabilities			
Provisions	(20)	61 393 070	80 763 145
Credit facilities	(21)	412 284 369	307 105 701
Current portion of long term loans	(18)	248 588 926	248 786 972
Suppliers and notes payable		766 948 779	362 171 224
Receivables – advanced payments		39 319 832	52 002 756
Lease liability	(7)	1 457 163	1 457 163
Creditors and other credit balances	(22)	210 381 904	135 884 617
Accrued income tax	(23)	25 377 581	34 431 517
Total current liabilities		1 765 751 624	1 222 603 095
Total liabilities		2 180 393 211	1 831 382 462
Total equity and liabilities		4 094 426 406	3 735 859 618

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


Managing Director

Tarek Talaat


Group Chief Financial

Ramy Morsy


Group Financial manager

Moustafa abd Eleazek


Misr Cement (Qena) Company (S.A.E)
Consolidated Interim Financial statements For The Period Ended 30 September 2022

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CONSOLIDATED INTERIM STATEMENT OF INCOME (Profit and Loss)

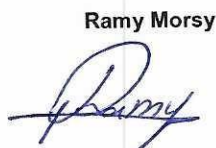
	Notes	Nine Months ended		Three Months ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		EGP	EGP	EGP	EGP
Net Sales		1 968 467 474	1 896 839 905	672 617 004	611 812 633
(Less)					
Cost of Sales	(24)	(1 690 166 667)	(1 542 033 773)	(614 571 669)	(478 218 635)
Gross Profit		278 300 807	354 806 132	58 045 335	133 593 998
Selling and marketing expenses	(25)	(22 204 595)	(14 932 660)	(8 142 341)	(4 044 965)
General and administrative expenses	(26)	(103 416 424)	(109 941 674)	(30 298 829)	(38 479 972)
Other revenues	(27)	2 452 518	1 677 927	427 218	449 668
Other expenses		(276 835)	(5 703 028)	(11 889)	(2 785 525)
Provisions charged		(4 649 925)	(473 759)	(1 429 401)	--
Total		(128 095 261)	(129 373 194)	(39 455 242)	(44 860 794)
Net operating Income		150 205 546	225 432 938	18 590 093	88 733 204
Add/(Less)					
Financial expenses		(60 038 866)	(75 693 717)	(20 857 054)	(25 606 346)
Operating lease - Interest		(1 852 351)	--	(622 262)	--
Amortization assets right to use		(193 243)	--	(62 094)	--
Expected credit loss		(1 042 341)	--	(913 512)	--
Foreign currency exchange		7 485 556	(353 749)	(427 256)	(33 359)
Provisions no more required		20 000 000	--	20 000 000	--
Capital (loss)/gain		(42 086)	938 072	(42 086)	938 072
Credit interest		5 001 588	4 248 004	2 393 314	1 534 366
Net profits for the period before Income Taxes		119 523 803	154 571 548	18 059 143	65 565 937
(Less)/Add					
Income Tax	(23)	(26 321 908)	(31 932 308)	(2 617 286)	(11 654 849)
Deferred Tax		3 696 527	(571 584)	(4 234 100)	(949 223)
Net profits after income taxes and before non-controlling shareholders' profits		96 898 422	122 067 656	11 207 757	52 961 865
Distributed as follow:-					
Attributed to parent's shareholders		63 093 539	107 409 183	9 436 677	45 993 568
Non-controlling Shareholders' interest		33 804 883	14 658 473	1 771 080	6 968 297
		96 898 422	122 067 656	11 207 757	52 961 865

- The accompanying notes are an integral part of the interim consolidated financial statements.

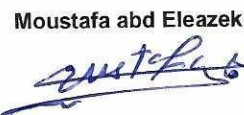
Managing Director

Farek Talaat


Group Chief Financial

Ramy Morsy


Group Financial manager

Moustafa abd Eleazek


Misr Cement (Qena) Company (S.A.E)
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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	Nine Months ended		Three Months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	EGP	EGP	EGP	EGP
Net profits for the period after taxes	96 898 422	122 067 656	11 207 757	52 961 865
Add :				
Other comprehensive income	--	--	--	--
Comprehensive income for the period	96 898 422	122 067 656	11 207 757	52 961 865
Distributed as follow :				
Attributed to parent's shareholders	63 093 539	107 409 183	9 436 677	45 993 568
Non-controlling shareholders' interest	33 804 883	14 658 473	1 771 080	6 968 297
	96 898 422	122 067 656	11 207 757	52 961 865

- The accompanying notes are an integral part of the interim consolidated financial statements.

Managing Director

Tarek Talaat



Group Chief Financial

Ramy Morsy



Group Financial manager

Moustafa abd Elezek



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CONSOLIDATED 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
30 September 2021							
Balance as of 1 January 2021	720 000 000	199 526 661	400 198 968	33 849 273	1 353 574 902	425 608 684	1 779 183 586
Transferred to retained earnings	--	--	33 849 273	(33 849 273)	--	--	--
Transferred to reserves	--	2 368 796	(2 368 796)	--	(25 502 458)	(38)	(25 502 496)
Dividends	--	--	(25 502 458)	--	107 409 183	14 638 473	122 067 656
Total Comprehensive income for the period	--	--	--	107 409 183	107 409 183	440 267 119	1 875 748 746
Balance as of 30 September 2021	720 000 000	201 895 457	406 176 987	107 409 183	1 435 481 627	440 267 119	1 875 748 746

30 September 2022

Balance as of 1 January 2022	720 000 000	206 198 292	378 014 112	146 060 561	1 450 272 965	454 204 191	1 904 477 156
Transferred to retained earnings	--	--	146 060 561	(146 060 561)	--	--	--
Transferred to reserves	--	4 731 043	(4 731 043)	--	--	--	--
Adjustments on retained earnings	--	--	(13 561 166)	--	(13 561 166)	(8 902 254)	(22 463 420)
Non-controlling interest	--	--	--	--	--	188	188
Dividends	--	--	(56 411 387)	--	(56 411 387)	(8 467 764)	(64 879 151)
Total comprehensive income for the period	--	--	--	63 093 539	63 093 539	33 804 883	96 898 422
Balance as of 30 September 2022	720 000 000	210 929 335	449 371 077	63 093 539	1 443 393 951	470 639 244	1 914 033 195

- The accompanying notes are an integral part of the interim consolidated financial statements.

Managing Director

Tarek Talaat



Group Chief Financial

Ramy Morsy



Group Financial manager

Moustafa abd Eleazek



Misr Cement (Qena) Company (S.A.E)
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CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Notes	30 September 2022	30 September 2021
		EGP	EGP
Cash Flows From Operating Activities			
Net Profits before taxes		119 523 803	154 571 548
Adjustments to reconcile net profit from operating activities			
Depreciation of fixed assets	(5)	109 752 170	107 449 316
Amortization assets right to use		193 243	--
Amortization of intangible assets	(9)	6 370 879	6 575 973
Foreign currency exchange		(7 485 556)	353 749
Capital gain/(loss)		42 086	(938 072)
Operating lease – interests		1 852 351	--
Expected credit loss		1 042 341	--
Provision charged		4 649 925	473 759
Provisions no more required		(20 000 000)	--
Financial expenses		60 038 866	75 693 717
Credit interests		(5 001 588)	(4 248 004)
Operating profits		270 978 520	339 931 986
Change in inventory	(10)	(234 738 276)	(62 438 671)
Change in accounts receivables	(11)	(37 006 849)	(25 234 828)
Change in operating lease liability		--	1 832 219
Change in debtors and other debit balances	(12)	(94 471 606)	(97 358 026)
Change in receivables – advance payments		(12 682 924)	(2 747 417)
Change in suppliers		404 777 555	106 829 371
Change in creditors and other credit balances	(21)	39 161 332	(15 231 749)
Cash flows from operating activities		336 017 752	245 582 885
Paid value added taxes		(22 463 420)	--
Provision used		(4 020 000)	--
Paid Income taxes	(26)	(35 375 844)	(20 922 089)
Net cash from operating activities		274 158 488	224 660 796
Cash flows from investing activities			
Payments for purchase fixed assets and projects	(5)	(14 462 701)	(16 247 526)
Proceeds from sale of fixed assets		299 222	1 050 000
Dividends from Investments in associates		1 711 486	837 001
Collected credit interests		4 763 725	3 939 030
Change in Time deposits (maturing after three months)	(13)	--	2 502 307
Net cash from investing activities		(7 688 268)	(7 919 188)
Cash flows from financing activities			
Change in credit banks		105 178 668	17 408 844
Paid debit interests		(62 516 419)	(67 951 947)
Change in loans	(17)	(187 991 650)	(103 825 626)
Non-controlling shareholders' shares from subsidiaries		188	--
Paid Dividends distribution		(27 056 087)	(6 548 414)
Net cash flow financing activities		(172 385 300)	(160 917 143)
Net changes in cash and cash equivalents		94 084 920	55 824 465
Exchange Foreign currency		7 485 556	(353 749)
Cash and cash equivalent – beginning of the period		95 681 842	82 294 625
Cash and cash equivalent – end of period		197 252 318	137 765 341
For the purpose of preparing a statement of cash flows cash and cash equivalents are represented in the following:			
Cash and cash equivalent		198 603 318	139 116 341
Time deposits - maturing after three months		(1 351 000)	(1 351 000)
Cash And Cash Equivalent – End of the period		197 252 318	137 765 341

- The accompanying notes are an integral part of the interim consolidated financial statements.

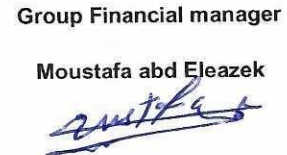
Managing Director
Tarek Talaat



Group Chief Financial
Ramy Morsy



Group Financial manager
Moustafa abd Eleazek



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.
- 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 years 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 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 Financial Statements of the Company for the period ended September 30, 2022 were authorized for issuance in accordance with a resolution of the board of directors on November 13, 2022

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

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

	Investment nature	30 September 2022	31 December 2018	1 November 2015
		%	%	%
MISR CEMENT BETON (Previously ASECO READY MIX) (S.A.E)	Direct	99.9	99.9	45
MISR CEMENT MINYA (Previously MINYA PORTLAND CEMENT) (S.A.E)	Direct	60.36	60.36	13.88
QENA FOR MAINTENANCE (S.A.E)	Indirect	99.8	--	--

1. About the Company (follow)

1.6. Approval of the Financial Statements (follow)

Misr Cement - Beton (S.A.E) (Previously ASECO READY MIX)

- ASECO READY MIX (S.A.E) was established in Egypt under Law No. 8 of 1997 and its executive regulations. The company was registered in commercial registry under No.41747 Cairo at 20 October 2009.
- On 26 March 2016 the extraordinary general assembly meeting decided to relocate the company's head office to 22 street Anwar Mofty – Tiba 2000 – Nasr city – Cairo and the management taken process to change in commercial registry dated on December 6, 2016.
- The duration of the company is 25 years starting from the date of the registration in the commercial register.
- The purpose of the company is to establish and operate factory to produce the Cement and concrete products.
- Based on the decision of the Extraordinary General Assembly held on November 11, 2018, the name of the company, ASECO READY MIX, has been amended, and this was indicated in the Commercial Registry on January 21, 2019.
- The percentage of ownership for MISR CEMENT COMPANY (S.A.E) Company in ASECO READY MIX (S.A.E) is 45%.
- In 1 November 2015, MISR CEMENT COMPANY (S.A.E) acquired ASECO READY MIX by purchasing 208 998 shares in which represents 54.9%, resulting in goodwill amounts to EGP 42,984,816 represents the difference in the investment cost amounts to EGP 70,631,716 54.9% from the ASECO FOR CEMENT COMPANY's total net assets in the acquisition date amounts to EGP 27,646,900.
- The goodwill was recorded under the long-term assets in the consolidated 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%.
- Based on the decision of the Extraordinary General Assembly held on October 24, 2021, the name of the company was modified to become Misr Cement - Beton, and this was noted in the commercial registry on November 3, 2021.

MISR CEMENT MINYA (Previously 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 September, 2006.
- On 22 March 2016 the extraordinary general assembly meeting decided to relocate the company's head office to 22 street Anwar Mofty – Tiba 2000 – Nasr city – Cairo and the management taken process to change in Commercial registry is pending.
- The purpose for the company is to establish and operate factory to produce all types of cement and use the quarry's materials and produce construction materials, also manufacturing the necessary packages for the company's products.
- In 30 December 2012 the extraordinary general assembly meeting decided to change the company's name to be Minya Portland Cement instead of ARAB NATIONAL COMPANY FOR CEMENT (S.A.E) and the name was changed in the company's journal and the commercial register in 2 October 2013.
- Based on the decision of the extraordinary general assembly meeting dated on November 22, 2020 the company's name changed to Minya Portland cement (S.A.E) and the company was registered in commercial registry under No.10253 dated on 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%.

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Consolidated Interim Financial statements For The Period Ended 30 September 2022

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

- In 1 November 2015 Misr Cement Company (S.A.E) acquired 44 872 676 shares in Misr Cement - Beton (S.A.E) (Previously ASECO Company) (S.A.E) which represents 46.48% from the total shares for the company, resulted in a goodwill balance amounts to EGP
- 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 Financial Statements in the non- current assets section and it is tested for impairment in the consolidated 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 Financial Statements are prepared by consolidating the 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 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 Financial Statements are prepared according to the Egyptian accounting policies and regulations.

2.3 The presented and disclosed currency

The 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 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 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. Significant accounting estimates and personal judgments (Follow)

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. Expected credit loss of 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 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 Financial Statements of instruments similar in nature and conditions.

4. Significant accounting policies

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

4.1 Foreign currencies translation

Transaction in foreign currencies are initially recorded using the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the balance sheet date, all differences are recognized in the statement of income.

Non – monetary items that are major are historical cost in foreign currencies are translated using the exchange rate prevailing at the date of the initial recognition.

4. Significant accounting policies (Follow)

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 is depreciated according to the following rates:

Assets	Depreciation rate
Buildings, constructions	5% - 6.6%
Machinery and equipment	5% - 10%
Motor vehicles	20%
Tools	10%
Furniture, fixtures, office equipment and computers	10% - 50%
Leasehold improvement	Lower of lease contract term or useful life

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 Leased Assets

The original (right to use) 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 Leased contracts

The Group has applied EAS 49 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under EAS 20. The details of accounting policies under EAS 20 are disclosed separately.

a. Policy applicable from 1 January 2021

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the

4. Significant accounting policies (Follow)

4.6 Leased contracts (follow)

b. As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component right of use asset.

c. Right of use asset

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

d. Amortization of right of use asset

Amortization of right of use asset The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability.

e. Lease contracts liability

The lease liability lease contract liability is initially measured at the present value of the lease payments that are not paid at the commencement date Discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. Lease payments included in the measurement of the lease liability comprise the following: fixed payments, including in-substance fixed payments; variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early. The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position.

4.7 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.

4.8 Investments at fair value through other comprehensive income

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)

4.9 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.

4.10 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.

4.11 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.

4. Significant accounting policies (follow)

4.11 Expected Credit Loss (follow)

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

- 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.
- The applying of the Egyptian Accounting Standard No. 47 "Financial Instruments" from January 1, 2021 led to changes in the accounting policies, which are resulted to amendments are recognized in the financial statements as on December 31, 2020. Where there is an impact on the opening balance of the retained earnings on January 1 2021 amount to EGP 16 487 597.

4.12 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.

4.13 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.

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. significant accounting policies (follow)

4.14 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.

4.15 Related party transactions

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

4.16 Treasury shares

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

4.17 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.

4.18 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.

4.19 Capital reserve

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

4.20 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.

4.21 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.

4.22 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.

4.23 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. significant accounting policies (follow)

4.24 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.

4.25 Dividends

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

4.26 Cash Flow Statement

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

4.27 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).

4.28 Comparative Figures

The comparative figures were reclassified to comply with current figures.

4.29 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.

4.30 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.

4.31 Fair value of financial instruments

The financial instruments are 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.

4.32 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.

4. significant accounting policies (follow)

4.32 Financial instruments and risk management related (follow)

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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5. Fixed assets

	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
30 September 2022								
Cost at 1 January 2022	7 543 974	1 033 983 726	2 329 058 651	116 342 528	14 289 787	32 726 873	1 689 327	3 535 634 766
Additions during the period	--	2 828 554	8 159 293	6 400 093	1 192 939	4 948 198	896 780	24 425 857
Disposals during the period	--	--	(386 000)	--	--	(364 100)	--	(750 100)
Cost at 30 September 2022	7 543 974	1 036 812 280	2 336 831 844	122 742 621	15 482 726	37 310 971	2 586 107	3 559 310 523
Accumulated Depreciation at 1 January 2022	--	324 986 291	1 023 014 751	72 595 355	8 188 727	28 618 290	1 581 281	1 458 984 695
Depreciation for the period	--	24 356 525	75 712 072	6 692 692	1 016 943	1 772 937	201 001	109 752 170
Accumulated depreciation of disposals	--	--	(154 604)	--	--	(30 341)	--	(184 945)
Accumulated Depreciation at 30 September 2022	--	349 342 816	1 098 572 219	79 288 047	9 205 670	30 360 886	1 782 282	1 568 551 920
Net book value at 30 September 2022	7 543 974	687 469 464	1 238 259 625	43 454 574	6 277 056	6 950 085	803 825	1 990 758 603

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	Leasehold improvements EGP	Total EGP
Depreciated asset that still used	18 012 376	24 964 446	16 000 296	4 651 956	21 351 308	1 140 783	86 121 165

There is a commercial mortgage over fixed assets of Misr Cement Company (Qena) as collateral against the long term loan (Note 18).
There is a commercial mortgage over all the existing, new tangible and intangible fixed assets of MISR CEMENT MINYA (Previously MINYA PORTLAND CEMENT COMPANY) as collateral against the long term loan (Note 18).

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5. 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
31 December 2021								
Cost at 1 January 2021	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
Additions during the year	--	12 301 038	7 131 646	5 149 276	395 093	2 063 209	84 985	27 125 247
Disposals during the year	--	--	--	(1 064 594)	--	(108 473)	--	(1 173 067)
Cost at 31 December 2021	7 543 974	1 033 983 726	2 329 058 551	116 342 528	14 289 787	32 726 873	1 689 327	3 535 634 766
Accumulated Depreciation at 1 January 2021	--	292 143 852	922 821 333	64 892 087	7 166 528	27 151 177	1 471 572	1 315 646 549
Depreciation for the year	--	32 842 439	100 193 418	8 209 733	1 022 199	1 575 586	109 709	143 953 084
Accumulated Depreciation of Disposals	--	--	--	(506 465)	--	(108 473)	--	(614 938)
Accumulated Depreciation at 31 December 2021	--	324 986 291	1 023 014 751	72 595 355	8 188 727	28 618 290	1 581 281	1 458 984 695
Net book value at 31 December, 2021	7 543 974	708 997 435	1 306 043 800	43 747 173	6 101 060	4 108 583	108 046	2 076 650 071

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

	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture, Fixtures and computers EGP	Leasehold improvements EGP	Total EGP
Depreciated asset that still used	18 012 376	24 964 446	14 363 127	4 651 956	21 208 532	1 140 783	84 341 220

There is a commercial mortgage over fixed assets of Misr Cement Company (Qena) as collateral against the long term loan (Note 18).
There is a commercial mortgage over all the existing, new tangible and intangible fixed assets of MISR CEMENT MINYA (Previously MINYA PORTLAND CEMENT COMPANY) as collateral against the long term loan (Note 18).

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6. Projects under construction

	<u>30 September 2022</u>	<u>31 December 2021</u>
	EGP	EGP
Buildings and constructions	72 874 495	77 623 601
Machinery and equipment	2 095 049	7 387 286
Advanced payments	1 330 539	1 965 396
Information Systems	1 932 470	1 025 670
	<u>78 232 553</u>	<u>88 001 953</u>

7. Assets right to use

1- Operating assets

	<u>30 September 2022</u>	<u>31 December 2021</u>
	EGP	EGP
Cost as of January 1, 2022	10 306 294	10 306 294
Total cost as of September 30 ,2022	<u>10 306 294</u>	<u>10 306 294</u>
Accumulated amortization as of January 1, 2021	3 478 373	3 220 717
Amortization of the period / year	193 243	257 656
Accumulated amortization as of September 30,2022	<u>3 671 616</u>	<u>3 478 373</u>
Net book value as of September 30 ,2022	<u>6 634 678</u>	<u>6 827 921</u>

2- Operating lease liabilities

	<u>30 September 2022</u>	<u>31 December 2021</u>
	EGP	EGP
Lease liabilities - current portion	1 457 163	1 457 163
Lease liabilities – Non - current portion	26 931 057	25 078 706
	<u>28 388 220</u>	<u>26 535 869</u>

8. Financial investment at fair value through OCI

	Percentage of ownership	<u>30 September 2022</u>	<u>31 December 2021</u>
		EGP	EGP
The Egyptian African company for investment	3%	--	150 000
(Less):			
Expected credit loss		--	(149 999)
Disposals*		--	(1)
		<u>--</u>	<u>--</u>

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 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 December 25, 2019 decision, place the company under liquidation.

* According to the Ordinary General Assembly meeting held on March 15, 2021, it was decided to approve the results of the liquidation accounts business, and the company was removed from the commercial registry on July 6, 2021

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9. Investments in associate companies

	Percentage of ownership	Balance as of 30 September 2022 EGP	Balance as of 31 December 2021 EGP
South of Upper Egypt Company of sacks manufacturing	20%	15 807 588	17 519 074
		15 807 588	17 519 074

10. Intangible assets

	30 September 2022 EGP	31 December 2021 EGP
Cost		
Beginning Balance for the period/ year	282 079 705	277 680 376
Additions during the period/ year	37 640	4 399 329
Ending Balance for the period/ year	282 117 345	282 079 705
Accumulated amortization		
Beginning Balance for the period/ year	(50 451 392)	(41 230 073)
Amortization during the period/ year	(6 370 879)	(9 221 319)
Ending Balance for the period/ year	(56 822 271)	(50 451 392)
Net book value at the end of period / year	225 295 074	231 628 313

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

11. Inventory

	30 September 2022 EGP	31 December 2021 EGP
Raw materials	59 681 045	55 550 376
Gasoline, Mazot & coal	235 707 991	26 902 849
Spare parts	162 657 146	86 135 089
Work in progress	222 276 723	295 978 627
Finished goods	64 178 358	45 196 046
	744 501 263	509 762 987

12. Accounts receivable and notes receivable

	30 September 2022 EGP	31 December 2021 EGP
Accounts receivable	93 295 507	56 288 658
(Less) :		
Expected credit loss	(17 321 258)	(16 670 261)
	75 974 249	39 618 397

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13. Debtors and other debit balances

	30 September 2022	31 December 2021
	EGP	EGP
Advanced payment – suppliers	92 672 948	58 628 087
(ASEC) Technical Managing	39 207 809	3 247 102
Tax authority– value added tax	20 377 489	16 529 162
Tax authority– withholding taxes	21 891 863	21 091 861
Deposits with others	40 579 932	38 209 832
Prepaid expenses	8 283 463	8 066 308
Cover of letter of guarantee	3 294 000	3 294 000
Letter of credit	11 372 000	2 880 000
Accrued interest on time deposits	294 011	56 148
Other debit balances	30 034 242	21 312 893
	268 007 757	173 315 393
(Less):		
Expected credit loss	(2 604 942)	(2 213 598)
	265 402 815	171 101 795

14. Cash on hand and at banks

	30 September 2022	31 December 2021
	EGP	EGP
Cash on hand	2 245 649	2 797 092
Current accounts in banks	133 674 428	88 155 205
Time deposit (maturing during three months)	60 300 076	2 250 885
Time deposits (maturing more than three months)	1 351 000	1 351 000
Checks under collection	1 032 165	2 478 660
	198 603 318	97 032 842

15. Paid up Capital

- The Company's authorized capital amounts to EGP 600 000 000, while the issued capital amounted to EGP 300 000 000 distributed over 30 000 000 shares of par value EGP 10 each, based on the decision of the extraordinary general assembly held on 22nd of March 2009 the capital was deducted by an amount of EGP 1 220 000 for 122 000 treasury shares, and it was registered in the commercial register in on 5th of July 2009, thus the paid up capital became EGP 298 780 000 distributed over 29 878 000 shares of par value EGP 10 per share .
- According to a board members meeting No 186 held on September 12, 2017 and authorized from GAFI on 25 September 2017 which decided to increase the capital with amount EGP 301 220 000 divided to 30 122 000 shares at EGP 10 per share, became EGP 600 000 000 as registered in the commercial register on 31 January 2018 No. 4955.
- The Ordinary General Assembly held on 28 March 2018 decided to distribute a free share for every 5 shares from retained earnings to share become 72 000 000 shares instead of 60 000 000 shares thus the paid up capital become EGP 720 000 000 instead of EGP 600 000 000 and it was registered in the commercial register on 29 May 2018 no. 23904 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:

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15. Paid up Capital (follow)

	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	11.27%	8 115 317	81 153 170
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	21.83%	16 512 043	165 120 430
	% 100	72 000 000	720 000 000

16. Reserves

	Legal reserve EGP	General reserve EGP	Capital reserve EGP	Total EGP
Balance at 1 January 2022	188 277 478	10 216 984	7 703 830	206 198 292
Reserves during the period	4 690 538	-	40 505	4 731 043
Balance at 30 September 2022	192 968 016	10 216 984	7 744 335	210 929 335

17. Non-Controlling of interests

First: Change in non-controlling interest shareholders

	30 September 2022 EGP	31 December 2021 EGP
Beginning Balance for the period / year	454 204 191	425 608 684
Non-controlling interest -share in net profit for the period / year	33 804 883	27 837 967
Adjustments on retained earning	(8 902 254)	-
Non-controlling shareholders' shares from subsidiaries	188	-
Non-controlling shareholders share from the retained earning adjustments	-	757 578
Non-controlling shareholders share in dividends distribution	(8 467 764)	(38)
Ending balance for the period / year	470 639 244	454 204 191

Second: non-controlling shareholders' balance in subsidiaries

Non-controlling shareholders' balance in subsidiaries

	Percentage of ownership %	30 September 2022 EGP	31 December 2021 EGP
Misr Cement Minya (Previously Minya Portland Cement) shareholders			
Safari limited for investments	30.72	364 751 422	352 014 046
Industrial Fund for Developing countries	4.64	55 080 300	53 156 857
FLSmidth	4.27	50 745 241	48 973 182
National Company for development and trading	-	61 509	59 361
Others	-	369	356
Misr Cement - Beton (S.A.E) (Previously ASECO READY MIX) shareholders			
Others	0.01	403	389
		470 639 244	454 204 191

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18. Long term loan

	<u>30 September 2022</u>	<u>31 December 2021</u>
	EGP	EGP
The balance accrual		
Misr Cement (Qena) company	181 687 748	242 402 042
Misr Cement Minya (Previously Minya Portland Cement company)	127 160 342	254 437 698
	<u>308 848 090</u>	<u>496 839 740</u>
The Current portion		
Misr Cement (Qena) company	(121 428 585)	(121 428 585)
Misr Cement Minya (Previously Minya Portland Cement company)	(127 160 341)	(127 358 387)
Total of the current portion	<u>(248 588 926)</u>	<u>(248 786 972)</u>
Total long term loans	<u>60 259 164</u>	<u>248 052 768</u>

- The company has acquired a long term loan in November 16th, 2015 amounted to EGP 910 259 259 from the total loans balance of the Company which amounts to EGP 915 000 000 that was given by combined banks (National bank of Egypt, Commercial bank of Egypt and Misr bank) with percentage of 33.3% for each, the National bank of Egypt will be the main facilitator of the loan, the loan was acquired to finance the acquisition (hinted in Note 5), to be settled on 15 payments half annually starting from November 16th, 2015 until November 16th, 2022 with 2.25% interest rate to be added to the average corridor rate of the central bank.
- There is a mortgage on the fixed assets of the Misr Cement Company (Qena) as collateral for the long term loan (Note 5).
- There is a commercial mortgage on all the shares owned by Misr Cement Company (Qena) for the subsidy companies acquired by the company as collateral for the long term loan.
- On December 31, 2010 Misr Cement Minya (Previously 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 Misr Cement Minya (Previously Minya Portland Cement Company) performed an amendment on the loan contract by increasing the loan amount from EGP 1 102 million to become EGP 1 227 million and it will be paid over 13 annual installments starting from September 30, 2014 instead of September 30, 2013 each by an amount of EGP 92.85 million and ends on September 30, 2023.
- There is a commercial mortgage over all the existing, new tangible and intangible fixed assets of Misr Cement Minya (Previously Minya Portland Cement) as collateral against the long term loan (Note 5)

19. Deferred Tax Assets / (Liabilities)

	Assets taxes		Liabilities taxes	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	EGP	EGP	EGP	EGP
Beginning balance for the period	14 938 441	15 387 081	335 647 893	335 019 177
Assets and (liabilities) movements- deferred tax	(4 500 000)	(448 640)	(8 196 527)	628 716
Ending balance for the period	<u>10 438 441</u>	<u>14 938 441</u>	<u>327 451 366</u>	<u>335 647 893</u>

20. Provisions

	Balance as of 1 January 2022	Charged during the period	Provisions used	Provision no more required	Balance as of 30 September 2022
	EGP	EGP	EGP	EGP	EGP
Tax provision	8 516 731	--	(4 020 000)	--	4 496 731
Provision for other claims and litigations	21 269 174	4 649 925	--	(20 000 000)	5 919 099
Provision for claims	50 977 240	--	--	--	50 977 240
	<u>80 763 145</u>	<u>4 649 925</u>	<u>(4 020 000)</u>	<u>(20 000 000)</u>	<u>61 393 070</u>

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21. Credit Facilities

The balance of the debit current account on September 30, 2022 of Qena Cement Company, has facilities amounted EGP 412 284 369 from the National Bank of Egypt to finance the purchase of raw materials and production tools within limited amount to EGP 200 000 000.

22. Creditors and other credit balances

	30 September 2022	31 December 2021
	EGP	EGP
Tax authority	11 124 555	8 544 278
Retention	16 379 491	16 111 264
Syndicate Stamps	6 454 503	6 385 852
Employees services association	261 650	461 636
Social insurance authority	4 134 462	2 777 753
Tax authority- value add tax	26 468 401	24 866 418
Production development fees	3 935 775	3 734 437
Accrued debit interests	9 034 193	11 511 746
Accrued expenses	28 047 844	36 496 528
Creditors - Dividends	40 178 925	2 355 861
Other- creditors	64 362 105	22 638 844
	210 381 904	135 884 617

23. Accrued Income tax

	30 September 2022	31 December 2021
	EGP	EGP
Beginning balance	34 431 517	20 441 340
Accrued income tax for the period	26 321 908	34 912 268
Payments to tax authority	(35 375 844)	(20 922 091)
	25 377 581	34 431 517

24. Cost of sales

	Nine months ended		Three months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	EGP	EGP	EGP	EGP
Depreciation and amortization	127 394 745	97 697 683	33 668 253	26 941 876
Governmental fees and technical management contract fees	163 239 526	340 906 489	32 723 265	99 965 307
Electricity and power	864 379 069	715 449 281	404 187 318	228 411 330
Raw materials and packaging materials	260 373 179	315 026 756	38 942 094	102 341 587
Rent	19 288 724	3 935 656	11 725 315	1 439 250
Indirect costs	255 491 424	69 017 908	93 324 424	19 119 285
	1 690 166 667	1 542 033 773	614 571 669	478 218 635

25. Selling and marketing expenses

	Nine months ended		Three months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	EGP	EGP	EGP	EGP
Depreciation	210 622	358 724	68 146	51 358
Salaries and wages	14 735 524	11 425 924	5 214 988	3 246 674
Others	7 258 449	3 148 012	2 859 207	746 933
	22 204 595	14 932 660	8 142 341	4 044 965

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26. General and administrative expenses

	Nine months ended		Three months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	EGP	EGP	EGP	EGP
Depreciation And Amortization	2 236 311	1 026 301	1 124 967	179 368
Salaries and wages	43 707 739	58 678 192	12 776 285	21 200 321
Donations	4 218 117	2 459 229	1 307 267	1 081 126
Others	53 254 257	44 046 799	15 090 310	16 019 157
	103 416 424	109 941 674	30 298 829	38 479 972

27. Other Revenues

	Nine months ended		Three months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	EGP	EGP	EGP	EGP
Fixtures remaining	334 445	19 145	62 145	--
Rent	369 531	759 228	13 908	235 113
Revenue from transport ,shipping and handling	28 648 898	30 642 189	10 473 830	9 550 021
Revenue from spare parts	3 693 239	414 479	1 168 980	--
Others	822 498	962 044	103 132	277 045
	33 868 611	32 797 085	11 821 995	10 062 179
Transport shipping and handling expenses	(27 722 854)	(30 704 679)	(10 225 797)	(9 612 511)
Spare Parts Cost	(3 693 239)	(414 479)	(1 168 980)	--
	2 452 518	1 677 927	427 218	449 668

28. 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
Misr Cement Minya (Previously Minya Portland Cement)	1 710 771	--
Misr Cement Beton (Previously ASECO for ready mix company)	25 742 940	22 307 347
Qena company for management and maintenance	14 565 303	--
Misr Cement Minya (Previously Minya Portland Cement)/ Misr Cement Beton (Previously ASECO for ready mix company)	37 921 621	37 864 790
Qena company for management and maintenance/ Misr Cement Beton (Previously ASECO for ready mix company)	2 204 394	--
Qena company for management and maintenance/ Misr Cement Minya (Previously Minya Portland Cement)	35 835 390	40 027 629

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28. Related party transactions (follow)

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

Company	Nature of the relation	Type	30 September 2022
Misr Insurance	Shareholder	Insurance installments	EGP 3 615 465
South of upper Egypt company (main supplier)	Associate	Sacks supplying	58 990 300

29. Capital Commitments

	Currency	Contract amount	Balance as of 30 September 2022
Misr Cement Minya (Previously Minya Portland Cement)	EGP	24 597 953	1 245 860
Misr Cement Minya (Previously Minya Portland Cement)	EUR	285 000	3 879 976
			5 035 343

30. 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	Cash Cover
Misr Cement Minya (Previously Minya Portland Cement)	EGP 7 492 384	EGP Non-fully covered
Misr Cement Qena company	3 294 000	Fully covered
	10 786 384	

31. comparative numbers

There are adjustments on comparative numbers of financial statements and these are the most important adjusted items:

-Financial position

	31 December 2021 After adjustments	adjustments	31 December 2021 Before adjustments
Debtors and other debit balances	171 101 795	(625 632)	171 727 427
Current portion of long term loans	248 786 972	(8 549 054)	257 336 026
Creditors and other credit balances	135 884 617	7 923 422	127 961 195

32. 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.

32. Tax Situation (Followed)

1. Years from beginning of the activity to 2004

All tax differences that are due have been 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 entitles for the company about this item. The country appeal representative objected on the decision and The appeal is being considered by the competent court, and the Administrative Court of the State Council in Qena issued a decision rejecting the case, and the representative of the state appealed against the ruling and it was transferred to the Supreme Administrative Court in Cairo.

3. Years from 2008/2012

All tax differences that are due have been paid.

4. Years from 2013/2014

The company was examined for those years, and the company paid the original tax according to the forms received from the authority, and a request was submitted to exceed 65% of the compensation for the delay in accordance with the provisions of Law No. 153 of 2022 and is awaiting the Tax authority's response.

5. Years from 2015/2018

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

6. Year 2019/2020

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

b) Salary tax

1. Years from beginning of the activity to 2014

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

2. Years from 2015/2019

- The examination of the company for these years was completed, and the company paid the original tax according to the forms received from the authority, and a request was submitted to exceed 65% of the compensation for the delay in accordance with the provisions of Law No. 153 of 2022 and is awaiting the Tax Office's response.

3. Year 2020 / 2021

- 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.

32. 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. A judgment of the Administrative Court was issued acquitting the company from the tax differences for the period from 1/1/2008 to 5/3/2009, with the consequent effects.

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 documents and books for those years were examined and the due differences were paid according to the forms received from the authority, and a request was submitted to exceed 65% of the additional tax in accordance with the provisions of Law No. 153 of 2022, and awaiting the Tax authority's response.

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.

3. Year 2021

- The company calculates the fee due in accordance with the law and submits it to the Tax Office on the legal date.
- The Tax Office has reviewed the company's books and documents for that period, and no claims have been issued to the company to date

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 authority's estimates were relied upon in calculating the tax due on the company for the year 2022, while there were no notifications of the new estimates.

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32. Tax Situation (Followed)

e) Property tax (follow)

- The company submitted real estate tax returns on its properties in accordance with Law No. 196 of 2008 and its amendments.
- On August 30, 2022, a decision was issued by the Council of Ministers that the Ministry of Finance bears the entire tax due on the built real estate used in a number of activities as of January 1, 2022 and for a period of three years, on the terms of the receipt of the cement activity in item No. 12 in the list of activities for which the Ministry of Finance bears the tax due on Its real estate used in the activity.
- 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 company pays the tax due on it, and a case was filed to consider the dispute before the competent court, and the court issued its decision rejecting the case and ending the limitation period on December 31, 2021. The tax office estimated the annual tax due as of January 1, 2022, at 928,901 EGP, and the company was notified of this on May 15, 2022, and the tax assessment was challenged.
- 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, The company appealed against it on the legal date, and the appeal committee issued a decision to reduce the annual tax due for that period from July 2013 to 31 March 2016 to become an amount of EGP 872,200 annually and the approval of the authority for the period from April 1, 2016 to December 31, 2020 at an amount of 648,099 Egyptian pounds annually, and it did not return the tax estimates due for the years 2021/2022
- 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 310 080 until December 31, 2022, and the company appealed against it on time Legal and it was accepted

The Tax situation for Misr Cement Minya (Previously Minya Portland Cement)

First: Tax on the profits of capital companies:

- According to the decision of the General Authority for Investment issued in November 2013, it was decided to consider the start of the actual activity of the production line in August 2013.
- The company does not enjoy tax exemptions for the profits of money companies.
- The company submitted the tax return for the fiscal year ending on December 31, 2021 to the Tax Authority on the legally specified date

Year	2010	2011	2012
	EGP	EGP	EGP
Estimated tax base	2 910 156	128 210 667	28 569 788
Estimated taxes	582 031	32 052 667	7 142 447

- The company has appealed against the aforementioned form within the time specified for that by law, and the decision of the competent appeal committee to re-examine those years was issued, and the examination was re-examined, and the work of the internal committee is in progress.

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32. Tax situation (follow)

- The company has been held accountable for the years 2013/2016, and the 19 tax form was challenged in the legal deadlines, and the results of the assessment test were as follows: -

Year	2013 EGP	2014 EGP	2015 EGP	2016 EGP
Tax base according to the acknowledgment	(553 738 396)	31 847 214	(51 851 299)	150 529 657
Tax base (estimated)	43 596 994	742 723 256	644 103 235	917 492 660
Corporate money tax base	10 899 249	185 680 814	144 923 228	206 435 849
additional tax base	--	741 723 256	--	--
Additional tax	--	37 086 163	--	--
Separate tax base Article 56	16 847 348	58 047 786	61 183 843	61 260 103
independent tax base	3 369 470	11 609 557	12 236 769	12 252 021
Total accrual tax	14 268 718	234 376 534	157 159 996	218 687 869

- A decision was issued by the Tax Office's internal committee to re-examine the book for those years, and preparation for the examination is being completed.

- The company was notified of the date of the company's examination for the years 2017/2021, and the documents are being processed.

Second: Payroll tax and equivalent

The company deducts the payroll tax and pays it to the competent tax office

Payroll taxes for the period from 2006 to 2012 were examined and approved by the committee, linked to tax differences of 193 486 pounds, and the payment was made.

- The company received the request of the tax center for major financiers for tax examination for the years 2013 to 2020.

The company deducts the payroll tax and pays it to the competent tax office.

Third: Value Added Tax

- The company has been registered with the relevant sales tax office, and sales tax and value added tax returns are submitted on time.

Years from 2010 to 2013

The company filed a lawsuit against the Ministry of Finance (Sales Tax Authority) in order to absolve it from paying sales tax on capital goods related to the cement production line, as well as recover what was paid of sales tax equivalent to 5% of the total value of tax demanded by the Sales Tax Authority. The previous payment was made upon receipt of capital goods at customs, and the decision of the reconciliation committees in settling disputes was issued at the Egyptian Tax Authority to support the company's requests, and the objection was made by the Tax Authority and the dispute was referred to the judiciary, and the dispute is still circulating in the judiciary.

Years from 2014 to 2015

The company was examined for those years, the forms were received, and the examination differences were paid.

Years from 2016 to 2019

- The years 2016 to 2019 were examined on 9/5/2021, and 15 NZ amendment forms were issued. AD on 5/26/2021 with a total tax difference of 147 573 844 Egyptian pounds (one hundred and forty-seven million five hundred and seventy-three thousand eight hundred and forty-four pounds) and the appeal was submitted on the form on 06/23/2021.

A memorandum of appeal was submitted on 7/7/2021, and a date was set for the Interior Committee on 1/8/2021, and the internal committee's decision ended with tax differences of 427,567 pounds due according to the decision of the Internal Committee after reducing the value of tax differences by an amount

- 87 409 262 pounds, and an amount of 59,737 012 pounds was referred to the Appeal Committee, where a date for appeal was set by the competent committee

32. Tax situation (follow)

Years from 2016 to 2019 (follow)

Issuance of the decision of the Appeal Committee to return the dispute to the competent Tax Office to re-examine the remaining points of disagreement at an amount of EGP 59,737,012, and sessions have been set to discuss the dispute.

It resulted in a reduction of 37,701 448 Egyptian pounds and a claim for a debt of 22 407 714 Egyptian pounds. The decision was received and the tax difference due on the company was paid

Fourth: Deduction and collection under tax account

The company applies the provisions of withholding on the account of tax on its dealings with others in accordance with the provisions of the Income Tax Law No. 91 of 2005, and the supply is made on the legal dates.

Fifth: Stamp tax

- The company was inspected until December 31, 2015 and was approved and paid.
- The company was accounted estimated according to the 19 stamp form for the period from 2016 to 2019, and the examination was re-examined, which resulted in tax differences of 284,227 Egyptian pounds, and the examination note was challenged.
- The company was examined for the year 2020 and the resulting tax differences were paid.

Sixth: Real Estate Tax

- The real estate tax was determined for the first inventory of the company, and the annual real estate tax amounted to 562,786 Egyptian pounds.
- The company paid the real estate tax due on it for the period from July 2013 to December 2021.
- The company was notified of the linking form No. 3 "Z real estate" for the year 2022 on June 19, 2022, and payments were made under the real estate tax account for the year 2022, noting that the company is exempted from paying real estate tax for the period January 1, 2022 until December 31, 2024 according to the decision of the Chairman of the Board Ministers No. 61 of 2022

The Tax status for Misr Cement - Beton (S.A.E) (Previously 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 was examined from the beginning of the activity until 2015 and the objection was made on it and the preparation of documents and the required analysis is finished to present it to internal committee.
- The company was inspected from 2016 to 2018, it was objected and the process of examination is still in progress and the request of emanation send to the company for 2019 and the documents are being prepared.
- The company submitted the tax return for the year ended 31 December 2020 and the tax due was settled.

B. Salaries tax

- The company deducts the salaries tax and pays it to the tax authority
- The company was inspected and paid from the beginning of the activity to 2017.
- The notice of determine the appointment of examination 2018/2020 is received and the documents are being prepared.

C. The value added tax

- The company was registered with the Sales Tax Department, and the company was examined for the period from the beginning of the activity until December 31, 2016.
- 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 in 26/6/2018 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

- Activity starting date 26/6/2018, and the company submits income returns on a regular basis and pays tax dues.
- The company has not examined income taxes to date and has not received any notifications of the examination or any tax claims

The Tax status for Qena for maintenance (follow)

B. Salaries tax

- The company is regular in submitting quarterly and annual employment earnings forms.
- The company has not examined employment taxes to date, and it has not received any notifications of the examination or any tax claims.

C. Value add tax

- The company was registered with the Value Added Tax Authority on 10/13/2021.
- The company is regular in submitting value-added declarations and paying the tax due.
- The company has not examined the value-added taxes to date and has not received any notifications of the examination or any tax claims.

D. Stamp tax

The tax inspection wasn't made till that date and the company did not receive any notifications of the examination or any tax claims

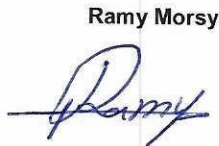
33. Important Events

- 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.

Managing Director

Tarek Talaat


Group Chief Financial

Ramy Morsy


Group Financial manager

Moustafa abd Eleazek
