

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

Separate Interim Financial Statements
For The Period Ended September 30, 2022
And Limited Review Report

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

Limited Review Report

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

Introduction:

We have performed a limited review for the accompany separate interim financial statements of MISR CEMENT (QENA) COMPANY (S.A.E) which comprise the separate interim statement of financial position as at September 30, 2022 and the related separate interim statements of income Separate interim, other comprehensive income Separate interim, change of equity Separate interim and cash flows Separate interim for the nine-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and Fair presentation of these separate interim financial statements in accordance with the Egyptian Accounting Standards, our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

Scope of limited review

We conducted our limited review in accordance with the Egyptian standard on review engagements 2410 "Limited review of separate interim financial statement performed by the independents Auditor of the entity". A limited review of separate interim financial statements consists of making inquiries primarily to persons responsible for financial and accounting matters in the company and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion on these separate interim financial statement.

Conclusion:

Based on our limited review, nothing has come to our attention that causes us to believe that the accompany separate interim financial statements do not present fairly, in all material respect the separate interim financial position of MISR CEMENT (QENA) COMPANY (S.A.E) as at September 30, 2022 and its financial performance and its cash flow for the nine-month ended then, in accordance with Egyptian accounting standards.

Cairo, November 13, 2022



Auditor
Goma Farag
Financial Regulatory Authority
Register Number (345)
Tamer Nabarawy and Co.
KRESTON EGYPT

Misr Cement (Qena) Company (S.A.E)
 Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
 Originally issued in Arabic

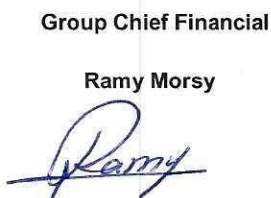
Separate interim Statement of Financial Position

	Note	30 September 2022	31 December 2021
		EGP	EGP
Assets			
Non-current assets			
Fixed assets	(5)	400 916 061	445 220 114
Intangible assets	(6)	1 404 604	1 890 813
Project under construction		1 126 247	130 738
Investments in subsidiaries	(7)	1 158 934 322	1 157 304 322
Financial investments at fair value through OCI	(8)	--	--
Investments in associates	(9)	800 000	800 000
Deferred tax Assets	(17)	10 438 441	14 938 441
Total non-current assets		1 573 619 675	1 620 284 428
Current assets			
Inventory	(10)	297 438 858	266 438 270
Due from related parties	(11-A)	24 713 798	14 519 521
Debtors and other debit balances	(12)	119 054 654	35 017 377
Cash on hand and at banks	(13)	174 549 282	50 116 217
Total current assets		615 756 592	366 091 385
Total assets		2 189 376 267	1 986 375 813
Equity			
Issued and paid up capital	(14)	720 000 000	720 000 000
Reserves	(15)	210 929 335	206 198 292
Retained earnings		329 284 771	289 530 197
Net Profit for the period/ year		52 135 895	93 810 764
Total Equity		1 312 350 001	1 309 539 253
Non-current liabilities			
Long term loans	(16)	60 259 163	120 973 456
Deferred tax liabilities	(17)	58 754 233	64 002 746
Total non-current liabilities		119 013 396	184 976 202
Current liabilities			
Provisions	(18)	45 679 664	69 699 664
Facilities	(20)	61 955 304	48 149 674
Current portion of long term loans	(16)	121 428 585	121 428 585
Receivables – advance payments		16 617 409	27 296 250
Suppliers and notes payable	(19)	366 995 048	105 268 865
Due to related parties	(11-B)	1 694 112	15 060 368
Creditors and other credit balances	(21)	127 329 748	74 063 105
Current income tax		16 313 000	30 893 847
Total current liabilities		758 012 870	491 860 358
Total liabilities and equity		2 189 376 267	1 986 375 813

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

Managing Director

 Tarek Talaat

Group Chief Financial

 Ramy Morsy

Group Financial Manager

 Moustafa Abdel Razek

Misr Cement (Qena) Company (S.A.E)
 Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
 Originally issued in Arabic

Separate interim Statement of Income


	Note	Nine Months ended		Three Months ended	
		30 September 2022	30 September 2021	30 September 2022	30 September 2021
		EGP	EGP	EGP	EGP
Net Sales		894 222 694	934 680 433	320 526 274	323 543 478
(Less):					
Cost of sales	(22)	(791 470 376)	(742 407 883)	(301 473 646)	(249 998 049)
Gross profit		102 752 318	192 272 550	19 052 628	73 545 429
Selling and marketing expenses	(23)	(9 433 763)	(7 436 856)	(3 303 164)	(3 659 434)
General and administrative expenses	(24)	(45 495 605)	(52 307 629)	(11 701 141)	(14 886 435)
Amortization of intangible assets		(486 209)	(1 206 217)	(162 070)	--
Other revenue	(25)	2 676 668	807 776	750 905	379 805
Board of directors' salaries attendance and transportation allowances		(4 645 213)	(4 449 979)	(1 156 976)	(1 442 567)
Total expenses		(57 384 122)	(64 592 905)	(15 572 446)	(19 608 631)
Net Operating profits		45 368 196	127 679 645	3 480 182	53 936 798
Add / (Less):					
Debit interests		(22 625 426)	(33 284 185)	(7 463 388)	(10 456 033)
Provisions charged		--	(473 759)	--	--
Expected credit loss		(824 402)	--	(666 936)	--
Provisions no more required		20 000 000	--	20 000 000	--
Capital (losses)		(42 086)	--	(42 086)	--
Foreign currency exchange differences		6 150 595	175 772	(72 373)	81 709
Credit interests		4 157 031	3 905 162	1 859 981	1 415 879
Revenue from investments in associate and subsidiaries companies		15 872 775	6 763 889	--	--
Net Profits for the period before Taxes		68 056 683	104 766 524	17 095 380	44 978 353
Add / (Less):					
Income Tax		(16 669 301)	(28 416 098)	(1 875 057)	(11 810 675)
Deferred Tax		748 513	4 420 865	(2 763 623)	818 307
Net Profits For The period After Taxes		52 135 895	80 771 291	12 456 700	33 985 985
Earnings per share (EGP/Share)	(26)	0,62	0,94	0,14	0,39

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

Managing Director
 Tarek Talaat



Group Chief Financial
 Ramy Morsy



Group Financial Manager
 Moustafa Abdel Razek



Misr Cement (Qena) Company (S.A.E)
 Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
 Originally issued in Arabic

Separate interim Statement of Comprehensive Income

	Nine months ended		Three months ended	
	30 September	30 September	30 September	30 September
	2022	2021	2022	2021
	EGP	EGP	EGP	EGP
Net Profits For The period After Taxes	52 135 895	80 771 291	12 456 700	33 985 985
Add / (Less):				
Other comprehensive income	--	--	--	--
Total comprehensive income for the period	52 135 895	80 771 291	12 456 700	33 985 985

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

Managing Director

Tarek Talaat


Group Chief Financial

Ramy Morsy


Group Financial Manager

Moustafa Abdel Razek


Misr Cement (Qena) Company (S.A.E)
Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
 Originally issued in Arabic

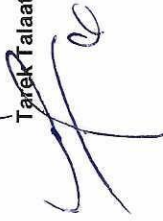
Separate interim statement of Change in Equity

	Issued and Paid up Capital	Reserves	Retained Earnings	Net Profit for the period	Total
	EGP	EGP	EGP	EGP	EGP
30 September 2021					
Balance at 1 January 2021	720 000 000	199 526 661	282 445 514	47 375 911	1 249 348 086
Transferred to retained earnings	--	--	47 375 911	(47 375 911)	--
Transferred to reserves	--	2 368 796	(2 368 796)	--	--
Dividends Distribution	--	--	(23 933 813)	--	(23 933 813)
Total Comprehensive Income for the period	--	--	--	80 771 291	80 771 291
Balance at 30 September 2021	720 000 000	201 895 457	303 518 816	80 771 291	1 306 185 564
30 September 2022					
Balance at 1 January 2022	720 000 000	206 198 292	289 530 197	93 810 764	1 309 539 253
Transferred to retained earnings	--	--	93 810 764	(93 810 764)	--
Transferred to reserves	--	4 731 043	(4 731 043)	--	--
Dividends Distribution	--	--	(49 325 147)	--	(49 325 147)
Total comprehensive income for the period	--	--	--	52 135 895	52 135 895
Balance at 30 September 2022	720 000 000	210 929 335	329 284 771	52 135 895	1 312 350 001

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

Managing Director

Tarek Talaat



Group Chief Financial

Ramy Morsy



Group Financial Manager

Moustafa Abdel Razeq



Misr Cement (Qena) Company (S.A.E)
Separate interim Financial statements For The period Ended September 30,2022

Translation of financial statements
Originally issued in Arabic

Separate interim Statement of Cash Flows

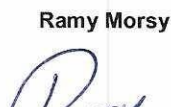
	Note	30 September 2022	30 September 2021
		EGP	EGP
Cash Flows From Operating Activities			
Net Profits for the period before taxes		68 056 683	104 766 524
Adjustment to reconcile net profit to cash flow from operating activities			
Depreciation of fixed assets	(5)	46 495 045	40 668 620
Amortization of intangible assets	(6)	486 209	1 206 217
Revenue from investment		(15 872 775)	(6 763 889)
Provisions charged	(18)	--	473 759
Expected credit loss		824 402	--
Provisions no more required	(18)	(20 000 000)	--
Capital (losses)		42 086	--
Foreign currency exchange	(4.1)	(6 150 595)	(175 772)
Debit interest		22 625 426	33 284 185
Credit interest	(8.4)	(4 157 031)	(3 905 162)
Net Operating profits		92 349 450	169 554 482
Change in inventory	(10)	(31 000 588)	(8 175 439)
Change in accounts and notes receivables		--	(18 842 431)
Change in related parties	(11)	(23 988 034)	3 990 950
Change in debtors and other debit balances	(12)	(76 529 572)	(55 072 820)
Change in receivables – advance payments		(10 678 841)	(6 841 684)
Change in suppliers	(19)	261 735 738	62 343 886
Change in creditors and other credit balances	(21)	12 191 117	(2 298 419)
Cash flow from operating activities		224 079 270	144 658 525
(Payment) of income tax		(31 250 148)	(17 650 270)
Provisions used		(4 020 000)	--
Net cash Flows from operating activities		188 809 122	127 008 255
Cash flows from investing activities			
(Payments) For purchase fixed assets	(5)	(2 524 751)	(758 722)
Proceeds from disposals of fixed assets		299 222	--
(Payment) in projects under construction		(995 509)	--
(Payment) in investments in subsidiaries		(1 630 000)	--
Collected credit interest		4 157 031	3 905 162
Collected from dividends distributions		7 951 065	5 204 896
Net cash Flows from investing activities		7 257 058	8 351 336
Cash flows from financing activities			
Change in facilities		13 805 630	17 408 844
Paid in loans		(60 714 293)	(60 714 293)
Paid Debit interest		(17 472 732)	(25 542 415)
Paid dividends distribution		(13 402 315)	(5 158 947)
Net cash flows from financing activities		(77 783 710)	(74 006 811)
Net cash and cash equivalents during the period		118 282 470	61 352 780
Foreign Currency exchange	(4.1)	6 150 595	175 772
Cash and cash equivalent – beginning of the period		48 765 217	56 942 439
Cash And Cash Equivalent – End of the period		173 198 282	118 470 991
For the purpose of preparing the statement of cash flow :			
Cash and cash equivalent		174 549 282	119 821 991
(Less):			
Time deposit – maturing after three months		(1 351 000)	(1 351 000)
Cash and cash equivalent – end of the period		173 198 282	118 470 991

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

Managing Director

Tarek Talaat


Group Chief Financial

Ramy Morsy


Group Financial Manager

Moustafa Abdel Razek


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

Separate interim Financial statements For The period Ended September 30,2022

Translation of financial statements
Originally issued in Arabic

Notes to the interim separate Financial Statements

1. About the Company

1.1. Company's Background

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

1.2. Company's purpose

- Cement production in its different forms and other by products ,the production and trading of other construction materials and construction supplies, So in order to attain its purpose the company may import the necessary equipment ,The company may participate in any ways with other companies in conducting similar activities which may help in achieving its purpose in Egypt or abroad, And it also may merge with previously stated bodies or acquire them in accordance with the provision of laws and its executive regulations.
- MISR CEMENT CO, (QENA) COMPANY (S.A.E) assigned the technical management, operation and maintenance of the factory, as well as business consulting for the operation of the quarry to the Arab Swiss Engineering "ASIC".
- MISR CEMENT CO, (QENA)COMPANY(S.A.E) have assigned operation and supply of raw materials , as well as the work of cutting and indexing of limestone quarry to ASEC Company for Mining " ASCOM"
- From JULY 2022, the company has assigned the technical support to QENA for management and Maintenance Company.

1.3. The Company's Location

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

1.4. The company duration

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

1.5. Financial year

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

1.6. Approval of the financial statements

The financial statements of the Company for the period ended September 30, 2022 were authorized for issuance in accordance with a resolution of the board of directors on November 13, 2022.

2. Basis For financial statement's preparation

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

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

Separate interim Financial statements For The period Ended September 30,2022

Translation of financial statements
Originally issued in Arabic

3. Significant accounting estimates and personal judgments

3.1 The significant accounting estimates and assumptions

The preparation of financial statements according to the Egyptian accounting standards requires that management uses personal judgments and making estimates and assumptions that can affect the application of policies and the values of assets and liabilities also revenues and expenses. The estimates and assumptions are evaluated based on past experience and some other factors including the expected future events that fit these circumstances.

These estimates and assumptions are reviewed yearly and any differences in the accounting estimates are recognized in the year in which these estimates are changed, and if these differences affect the year in which these changes are made and future years, these differences are recorded in the year in which the adjustments are made and the future years. The most significant estimates and assumptions the company uses are as follows:

a. Income tax

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

b. Expected credit loss in value of commercial debtors.

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

c. Useful lives of fixed assets

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

d. Impairment of Inventory

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

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

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

3.3 Fair value measurement

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

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

Separate interim Financial statements For The period Ended September 30,2022

Translation of financial statements
Originally issued in Arabic

4. Significant accounting policies

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

4.1 Foreign currencies translation

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

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

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

4.2 Fixed assets and its Depreciation

The first recognition and initial measurement

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

a. Subsequent Cost of acquisition

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

b. Depreciation

Depreciation is determined based on the fixed assets less salvage value as residual value at the end of estimated useful life.

The Salvage value of asset is the net amount currently expected to be obtained as a result of disposal, if it is in the expected condition at the end of its useful life.

The depreciation amount is carried on the income statement according to the straight line method by the useful life estimated to each kind of fixed assets except land that not depreciated, the depreciation of fixed assets are depreciated according to the following rates:

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

4.3 Intangible assets

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

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

4.4 Projects under construction

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

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

Separate interim Financial statements For The period Ended September 30,2022

Translation of financial statements
Originally issued in Arabic

4. Significant accounting policies (followed)

4.5 Investments in subsidiaries and associates

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

4.6 Financial investments at fair value through OCI

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

4.7 Inventory

The Inventory elements are valued as follows:

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

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

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

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

4.8 Revenue

- Sales

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

- Dividends

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

- Interest income

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

4.9 Expected Credit Loss

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

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

Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
Originally issued in Arabic

4. Significant accounting policies (followed)

4.9 Expected Credit Loss (followed)

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

4.10 Provisions

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

4.11 Taxes

- Income Tax

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

- Deferred taxes

Deferred tax occurs to reflect the existence of some temporary differences due to the difference in time frames when the current value of assets and liabilities are recognized between the prevailing taxation principles and accounting principles that are adhered to when preparing the financial statement.

The deferred tax is determined according to the prevailing method used to settle the present value of assets and liabilities. It should be taken into account that the deferred tax maybe considered an asset of the company if there is a possibility that it may be used to reduce the accrued tax profits of the company for future years, and the amount of the deferred tax considered as an asset of the company is reduced by the amount that may not be off-set against future taxes.

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

Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
Originally issued in Arabic

4. Significant accounting policies (followed)

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

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

4.13 Related party transactions

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

4.14 Treasury shares

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

4.15 Legal reserve

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

4.16 General reserve

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

4.17 Capital reserve

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

4.18 Borrowing

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

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.

4.19 Expenses

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

4.20 Borrowing cost

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

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

Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
Originally issued in Arabic

4. Significant accounting policies (followed)

4.21 Pension plan for employees

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

4.22 The Contingents Liabilities and Commitments

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

4.23 Dividends

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

4.24 Cash Flow Statement

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

4.25 Cash and cash equivalent

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

4.26 Earnings per share

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

4.27 Capital management

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

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

4.28 Comparative figures

The comparative figures reclassified to comply with current figures.

4.29 Fair value of financial instruments

The financial instruments 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 separate financial instruments doesn't differ significantly from its book value at the date of the preparation of the financial statements.

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

Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
Originally issued in Arabic

4. Significant accounting policies (followed)

4.30 Financial instruments and risk management related

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

A. Credit risk

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

B. Liquidity risk

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

C. Interest rate risk

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

D. Foreign currency risk

The foreign currency risk is the fluctuation of currency exchange rates since that affect the company's open receivables and payables balance in foreign currency also asset and liability evaluation in foreign currency. Also, as it is indicated in note (2A) the assets and liabilities in foreign currency are evaluated using the official rate in the date of preparing the financial statements.

Misr Cement (Qena) Company (S.A.E)
Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
Originally issued in Arabic

5. Fixed assets	Land EGP	Buildings and constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture and Fixtures EGP	Total EGP
30 September 2022	7 221 739	276 010 861	981 454 250	6 852 244	13 894 694	12 798 875	1 298 232 663
Cost at 1 January 2022	--	--	--	--	499 437	2 025 314	2 524 751
Additions during the period	--	--	--	--	--	(364 100)	(364 100)
Disposals during the period	7 221 739	276 010 861	981 454 250	6 852 244	14 394 131	14 460 089	1 300 393 314
Cost at 30 September 2022	--	185 990 369	640 483 160	6 846 700	8 089 028	11 603 292	853 012 549
Accumulated depreciation at 1 January 2022	--	9 438 323	35 816 704	2 079	702 692	535 247	46 495 045
Depreciation for the period	--	--	--	--	--	(30 341)	(30 341)
Accumulated depreciation of disposals	--	--	--	--	--	--	--
Accumulated depreciation at 30 September 2022	--	195 428 692	676 299 864	6 848 779	8 791 720	12 108 198	899 477 253
Net book value at 30 September 2022	7 221 739	80 582 169	305 154 386	3 465	5 602 411	2 351 891	400 916 061

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 and Fixtures EGP	Total EGP
Cost of fully depreciated assets and still being used.	18 012 376	20 779 876	6 838 384	4 651 956	10 894 898	61 177 490

- There is a commercial mortgage over fixed assets (machinery and equipment) amounting to EGP 732 525 606 as collateral against the long-term loan (Note 16).
- The machinery and equipment balance includes foreign exchange differences resulting from liabilities associated to the assets amounting to EGP 34 421 282 in addition to an amount of EGP 5 390 150 transferred from Projects Under Constructions

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

Cost of Sales (Note 22)	56 137 831
Selling and marketing expenses (Note 23)	113 311
General and administrative expenses (Note 24)	462 837
	<u>56 713 979</u>

Misr Cement (Qena) Company (S.A.E)
 Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
 Originally issued in Arabic

5. Fixed assets (Followed)

	Land EGP	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture and Fixtures EGP	Total EGP
31 December 2021							
Cost at 1 January 2021	7 221 739	275 707 228	981 454 250	6 852 244	13 894 694	12 034 258	1 297 164 413
Additions during the year	--	303 633	--	--	--	873 090	1 176 723
Disposals during the year	--	--	--	--	--	(108 473)	(108 473)
Cost at 31 December 2021	7 221 739	276 010 861	981 454 250	6 852 244	13 894 694	12 798 875	1 298 232 663
Accumulated depreciation at 1 January 2021	--	172 990 129	592 505 732	6 843 928	7 166 528	11 453 749	790 960 066
Depreciation for the year	--	13 000 240	47 977 428	2 772	922 500	258 016	62 160 956
Accumulated depreciation of Disposals	--	--	--	--	--	(108 473)	(108 473)
Accumulated depreciation at 31 December 2021	--	185 990 369	640 483 160	6 846 700	8 089 028	11 603 292	853 012 549
Net book value at 31 December 2021	7 221 739	90 020 492	340 971 090	5 544	5 805 666	1 195 583	445 220 114

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

	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture and Fixtures EGP	Total EGP
Cost of fully depreciated assets and still being used.	18 012 376	20 779 876	6 838 384	4 651 956	10 894 898	61 177 490
- There is a commercial mortgage over fixed assets (machinery and equipment) amounting to EGP 732 525 606 as collateral against the long term loan (Note 16).						
- The machinery and equipment balance includes foreign exchange differences resulting from liabilities associated to the assets amounting to EGP 34 421 282, in addition to an amount of EGP 5 390 150 transferred from Projects Under Constructions						
- The depreciation expense charged this year has been allocated to the statement of Income Statement as follows:-						
Cost of inventory	58 950 457					
Selling and marketing expenses	160 547					
General and administrative expenses	300 571					
	59 411 575					

Misr Cement (Qena) Company (S.A.E)
Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
Originally issued in Arabic

6. Intangible assets

	30 September 2022	31 December 2021
	EGP	EGP
SAP program	4 357 577	2 010 361
Additions during the period/ year	--	2 347 216
Balance at 30 September 2022	4 357 577	4 357 577
(less):		
Accumulated amortization at 1 January 2022	(2 466 764)	(804 144)
amortization during the period / year	(486 209)	(1 662 620)
Accumulated amortization on 30 September 2022	(2 952 973)	(2 466 764)
Net book value on 30 September 2022	1 404 604	1 890 813

7. Investments in subsidiaries

	Percentage of Ownership	30 September 2022	31 December 2021
		EGP	EGP
Misr Cement Minya Minya portland Previously (S.A.E)	60.36%	1 066 863 275	1 066 863 275
Misr cement Beton (S.A.E) ASECO for ready mix previously	99.90%	92 071 047	90 441 047
		1 158 934 322	1 157 304 322

- The balance of the investment in subsidiaries amounts to EGP 1,157,304,322 includes an amount of EGP 9,325,000 commissions and fees related to the loan acquired by the company to finance the acquisition of and Misr Cement Minya (Minya portland Previously) (S.A.E) and Misr cement Beton (ASECO for Ready Mix "previously") concrete stock, this amount was added to the cost of the investment due to the need to finance the acquisition with it, a letter was received by the company from the lending bank that the amount will be repaid along with the loan on 15 payments.

- In 1 November 2015 a selling contract was signed between QENA CEMENT (S.A.E) and Misr cement-Beton (S.A.E) (ASECO FOR ready mix) to purchase 44 872 676 common stock owned to Misr Cement Minya (Minya portland Previously) (S.A.E) which represent 46.48% and it represents its full ownership for the company with a price of EGP 20.75 for each stock, to be total share 58 274 508 common stock which represent 60.36% and purchasing 208 998 shares owned in Misr cement-Beton (S.A.E) (ASECO for ready mix- previously) (S.A.E) which present 55% and that represents its full ownership in the company with a price of EGP 334.1 for each share in addition to all the commissions and transfer of ownership expenses the company's shares become 363 698 share which represent 99.90% . In addition to brokerage commissions, transfer of ownership and the transfer fees, and on June 28, 2022 the number of shares of misr cement – beton company "ASECO ready mix previously" was increased to 379 998 shares which represent 99,90%.

- All the company's investment in subsidiaries "shares" are pledged as collateral against the long term loans.

8. Financial investments at fair value through OCI

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

- The Extraordinary General Assembly meeting of The Egyptian African Company for Investment and Development was held in May 18th, 2016 and has decided to hold the company's activities that starts 3 years from 30 June 2016 till 30 June 2019 after the company's losses reached EGP 2.95 million as of 31 December 2015. Following to continued losses and not achieving profits, the Extraordinary General Assembly held on June 25, 2019 decision, place the company under liquidation.

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

Misr Cement (Qena) Company (S.A.E)
 Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
 Originally issued in Arabic

9. Investments in associates

	Percentage of ownership	30 September 2022	31 December 2021
		EGP	EGP
South of Upper Egypt Company for sacks Manufacturing	20%	800 000	800 000
		<u>800 000</u>	<u>800 000</u>

10. Inventory

	30 September 2022	31 December 2021
	EGP	EGP
Raw materials and packing	18 541 250	13 115 083
Coal and diesel	114 791 559	7 997 643
Spare parts	31 514 106	28 286 200
Work in progress	93 962 419	195 272 769
Finished goods	38 629 524	21 766 575
	<u>297 438 858</u>	<u>266 438 270</u>

11. Transactions with related parties

During the period the company and the related parties had a transaction between them based on the general assembly meeting and the most important transaction balances were as follows:

	Nature of the relation	Type	30 September 2022
Misr Insurance	Shareholder	Insurance installments	3 615 465
South of upper Egypt company (main supplier)	Associate company	Supplying bags	58 990 300
Misr Cement Beton (ASECO for ready mix company Previously)	Subsidiary company	Cement sales	25 409 776
Misr Cement Beton (ASECO for ready mix company Previously)	Subsidiary company	Sales / other service	333 164
Misr cement minya (Minya portland for cement Previously)	Subsidiary company	Rent revenue	1 710 771

A) Due from related parties

	30 September 2022	31 December 2021
	EGP	EGP
Misr cement Beton (S.A.E) (ASECO for Ready Mix-previously)	25 314 018	14 692 239
(Less): Expected credit loss	(600 220)	(172 718)
	<u>24 713 798</u>	<u>14 519 521</u>

B) Due to related parties

	30 September 2022	31 December 2021
	EGP	EGP
Misr Cement Minya (Minya portland Previously) (S.A.E)	949 400	15 053 887
Qena for management and maintenance company	744 712	6 481
	<u>1 694 112</u>	<u>15 060 368</u>

Misr Cement (Qena) Company (S.A.E)
Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
Originally issued in Arabic

12. Debtors and other debit balances

	30 September 2022	31 December 2021
	EGP	EGP
Due to (ASEC) Managing technical	39 207 809	3 247 102
Tax authority–value add tax	7 800 141	6 353 966
Customs duty	6 379 941	431 276
Deposits with others	13 569 335	13 512 935
Prepaid expenses	4 224 828	1 178 020
Cash cover letter of guarantee (Note No. 29)	3 294 000	3 294 000
Advance payments	35 767 661	4 087 795
Employees borrowings	1 385 683	457 208
Other debit balances	1 755 862	4 310 491
Accrued revenue – dividends distribution	7 953 119	31 409
	121 338 379	36 904 202
(Less):		
Expected credit loss	(2 283 725)	(1 886 825)
	119 054 654	35 017 377

13. Cash on hand and at banks

	30 September 2022	31 December 2021
	EGP	EGP
Current accounts - Local currency	86 624 568	44 812 386
Current accounts - foreign currency	25 267 342	63 604
Time deposit - maturing during three months	59 356 500	1 356 500
Time deposits - maturing after three months	1 351 000	1 351 000
Cash on hand	1 949 872	2 532 727
	174 549 282	50 116 217

14. Issued and Paid Up Capital

- The Company's authorized capital amounts to EGP 600 000 000, while the issued capital amounted to EGP 300 000 000 distributed over 30 000 000 shares of par value EGP 10 each, based on the decision of the extraordinary general assembly held on 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 September 25 2017 which decided to increase the capital with amount EGP 301 220 000 divided to 30 122 000 shares at EGP 10 per share, and the issuing capital became EGP 600 000 000 as registered in the commercial register on 31 January 2018 No. 4955
- based on the decision of the extraordinary general assembly held on 28 of March 2018 distribute free stocks about stock for five stocks holders from the retained earnings and the number of shares become 72 000 000 instead of 60 000 000 shares and the paid capital become 720 000 000 Egyptian pound instead of 600 000 000 Egyptian pound as registered in the commercial register on 29 May 2018 No. 23904 .

Misr Cement (Qena) Company (S.A.E)
Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
Originally issued in Arabic

14. Issued and Paid Up Capital (followed)

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

	No. of shares	Par Value	Capital issuing	Paid up capital	Percentage
		EGP	EGP	EGP	%
NCB Capital Company (NBE)	15 341 386	10	153 413 860	153 413 860	21.31%
Egyptian Federation for Construction and Building Contractors	9 115 317	10	91 153 170	91 153 170	12.66%
Egyptian Company for investment projects	7 251 096	10	72 510 960	72 510 960	10.07%
Egyptian Kuwaiti investment company	7 114 206	10	71 142 060	71 142 060	9.88%
National Investment Bank	6 895 599	10	68 955 990	68 955 990	9.58%
Egypt Company for Life Insurance	6 748 839	10	67 488 390	67 488 390	9.37%
QNB for finance services	4 821 514	10	48 215 140	48 215 140	6.70%
Individuals and IPO	14 712 043	10	147 120 430	147 120 430	20.43%
	72 000 000		720 000 000	720 000 000	100%

15. Reserves

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

16. Long term loans

In November 16th, 2015, the Company has acquired a long term loan amounting to EGP 910,259,259 from total loan amounted EGP 915,000,000 which represents a portion of the loan granted from the banks' association (National Bank of Egypt, Commercial International Bank and Misr Bank) which represents 33.3% for each bank. Conditioning that the National Bank of Egypt will be the main facilitator of the loan, for the purpose of financing the acquisition transactions (Note 7). To be settled on 15 semiannual installments starting from November 16th, 2015 until November 15th, 2023, with 2.25% interest rate plus the average Central Bank corridor rate, according to that, the loan amount in September 30, 2022 became EGP 181 687 748.

	30 September 2022	31 December 2021
	EGP	EGP
Long term loans	181 687 748	242 402 041
Current portion from long term loans	(121 428 585)	(121 428 585)
	60 259 163	120 973 456

There is a commercial pledge on the fixed assets (machinery and equipment) with amount EGP 732,525,606 as collateral for the long term loan (Note 5).

There is a commercial pledge over the shares owned by the Company of its acquired subsidiaries which represents collateral against the long term loans (Note 7).

17. Deferred Tax Assets / (Liabilities)

	Tax Assets		Tax Liabilities	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
	EGP	EGP	EGP	EGP
Balance at the beginning of the year	14 938 441	15 387 081	64 002 746	69 774 402
Assets (liabilities) deferred tax movements	(4 500 000)	(448 640)	(5 248 513)	(5 771 656)
Balance at the ending of the period / year	10 438 441	14 938 441	58 754 233	64 002 746

Misr Cement (Qena) Company (S.A.E)
Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
Originally issued in Arabic

18. Provisions

	Balance as of 1 January 2022	Used during the period	Provision No longer required	Balance as of 30 September 2022
	EGP	EGP	EGP	EGP
Tax provision	8 516 731	(4 020 000)	--	4 496 731
Provision for current claims and litigations according to legal opinion	21 269 174	--	(20 000 000)	1 269 174
Provision for claims	39 913 759	--	--	39 913 759
	69 699 664	(4 020 000)	(20 000 000)	45 679 664

19. Suppliers and Notes payable

	30 September 2022	31 December 2021
	EGP	EGP
Suppliers	159 817 529	105 268 865
Notes payables	207 177 519	--
	366 995 048	105 268 865

20. Facilities

The company has facilities in 30 September 2022 amounted EGP 61 955 304 from the National Bank of Egypt to finance the purchase of raw materials and production tools within limited amount to EGP 200 000 000

21. Creditors and other credit balances

	30 September 2022	31 December 2021
	EGP	EGP
Tax authority	4 090 060	5 008 178
Value added tax on Cement	16 212 677	14 860 102
Production development fees	3 935 775	3 734 437
Retentions	16 379 491	16 111 264
Syndicate Stamps	6 454 503	6 385 852
Employees services association	261 650	461 636
Social insurance authority	1 151 722	966 080
Accrued debit interests	8 115 386	2 962 692
Accrued for suppliers (Cement transportation)	--	7 153 470
Payables for purchase fixed assets	7 406 832	7 406 832
Credit – Dividends	36 965 969	1 043 137
Solidarity contribution of medical insurance accrual	2 326 495	3 164 024
Other credit balances	24 029 188	4 805 401
	127 329 748	74 063 105

22. 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	56 137 831	40 317 177	13 126 026	9 537 548
Governmental fees and Technical management fees	94 848 876	143 554 109	14 969 992	47 984 484
Raw and packing materials	130 422 319	141 432 705	41 876 942	29 338 675
Electricity and power	444 891 706	389 091 707	209 358 078	137 538 378
Indirect cost	65 169 644	28 012 185	22 142 608	25 598 964
	791 470 376	742 407 883	301 473 646	249 998 049

Misr Cement (Qena) Company (S.A.E)
Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
Originally issued in Arabic

23. 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
Salaries and wages	7 081 169	6 325 726	2 483 203	3 314 797
Depreciation	113 311	128 604	39 908	30 443
Stamps	192 679	128 873	37 081	42 929
Traveling and Transportation expenses	96 924	77 674	11 196	41 219
Others expenses	1 949 680	775 979	731 776	230 046
	9 433 763	7 436 856	3 303 164	3 659 434

24. 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	462 840	222 839	186 605	57 882
Salaries and wages	21 373 903	30 673 371	4 105 441	6 886 382
Donations	2 833 427	1 523 912	896 517	450 001
Insurance Expenses	1 221 368	3 047 261	879 378	2 863 423
Public relations and advertisement expenses	2 612 142	989 283	505 400	231 358
Other services expenses	1 722 622	544 476	230 765	317 540
Training, researches and consulting expenses	1 964 040	1 727 133	864 030	847 646
Medical and pension funds	1 509 471	2 035 066	469 860	374 468
Transportation and travelling expenses	1 297 118	267 415	365 849	80 139
Material and supplies	1 440 563	731 315	571 921	317 929
Rent and transportation allowances	1 279 331	501 569	615 807	238 000
Solidarity contribution of medical insurance	2 326 496	2 913 866	868 866	1 357 021
Other expenses	5 452 284	7 130 123	1 140 702	864 646
	45 495 605	52 307 629	11 701 141	14 886 435

25. Other Revenues

	Nine months ended		Three months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	EGP	EGP	EGP	EGP
Rent	993 531	759 228	211 908	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	--
Miscellaneous revenue	757 093	111 038	290 964	207 182
	34 092 761	31 926 934	12 145 682	9 992 316
(Less):				
Transport, shipping and handling cost	(27 722 854)	(30 704 679)	(10 225 797)	(9 612 511)
Spare parties cost	(3 693 239)	(414 479)	(1 168 980)	--
	2 676 668	807 776	750 905	379 805

Misr Cement (Qena) Company (S.A.E)
 Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
 Originally issued in Arabic

26. Earnings per share (EGP / Share)

	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	52 135 895	80 771 291	12 456 700	33 985 985
Employees profit share	(4 957 119)	(7 673 273)	(1 183 086)	(3 228 669)
Board of directors' bonus	(2 661 407)	(5 105 945)	(1 064 777)	(2 905 801)
Remaining profits	44 517 370	67 992 073	10 208 838	27 851 515
Number of shares	72 000 000	72 000 000	72 000 000	72 000 000
Earnings per share	0.62	0.94	0.14	0.39

	Nine months ended		Three months ended	
	30 September 2022	30 September 2021	30 September 2022	30 September 2021
	EGP	EGP	EGP	EGP
Expected average of number of shares:	72 000 000	72 000 000	72 000 000	72 000 000
72 000 000 ×9/9=				
Expected average of number of shares issued during the period	--	--	--	--
	72 000 000	72 000 000	72 000 000	72 000 000

27. 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	35 017 377	(625 632)	35 643 009
Due to related parties	15 060 368	6 481	15 053 887
Suppliers and notes payable	105 268 865	(6 481)	105 275 346
Creditors and other credit balances	74 063 105	(625 632)	74 688 737

28. 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.

Misr Cement (Qena) Company (S.A.E)
Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
Originally issued in Arabic

28. 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

The company was examined for those years and the dispute for that period ended.

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 authority examined those years and ended the dispute over that period.

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.

Misr Cement (Qena) Company (S.A.E)
Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
Originally issued in Arabic

28. 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 low was enacted as of July 1, 2013 provided that the estimated will be implemented until December 31, 2021 in accordance with low No 4 , of 2019 , 196 of 2008 its adjustment
- 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.
- The company submitted real estate tax returns on its properties in accordance with Law No. 196 of 2008 and its amendments.

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

Separate interim Financial statements For The period Ended September 30, 2022

Translation of financial statements
Originally issued in Arabic

28. Tax Situation (Followed)

- 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 realstate 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 realstate 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 EGP 928,901, 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 2022 amount EGP 45 372 and delay fees, the company has paid.
- The realstate tax authority filed form 3 realstate tax on the company's head office to estimate the annual tax by EGP 55 423 by total of accrued tax of EGP 526 519 till 31 December 2022 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 realstate 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 10 973 till 31 December 2022 and delay fees, the company has paid that claim.
- The realstate tax authority filed form 3 realstate 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 200,872 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 realstate tax authority filed form 3 realstate 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.

29. Contingent liabilities

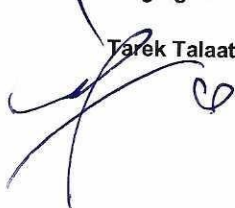
The name of bank issued letter of grantee	Letter of grantee amount	Covered amount	Uncovered amount
	EGP	EGP	EGP
National bank of Egypt	3 294 000	3 294 000	--

30. Important Events

- The second half of march 2020 have witnessed the beginning of the impact of the outbreak of corona virus on the Egyptian market and the Egyptian government announced unprecedented measures to combat the virus infection and it's spread, The company has formed a risk committee to manage the crisis and the objectives of this year has been defined in maintaining all employees and securing them from corona risks as well as continuing the company's operations, all risks were studied and evaluated and taken a serious of precautionary measures to reduce all risks on employees and to ensure the continuity of the supply chain (operational, manufacturing, sales and collection operations in this year. And there is not effect on the company's current economic situation (it's financial position, business result and cash flow).
- And given to of the lack of clarity of the effects that could be caused by the development of the situation related to the effect of the spread of the virus (Covid-19) in the future, the effects of development on the company's activity cannot be determined precisely at the present time.
- During the year 2022, the contract with Arab Swiss engineering company – ASEC has been terminated and the company has assigned the technical support to QENA for management and Maintenance Company.

Managing Director

Tarek Talaat



Group Chief Financial

Ramy Morsy



Group Financial Manager

Moustafa Abdel Razek

