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

Consolidated Financial Statements
For the Year ended December 31, 2021
And Auditor's Report

Contents

KRESTON
EGYPT
Tamer Nabarawy & Co.

Auditor's Report

To: The Shareholders of MISR CEMENT (QENA) COMPANY (S.A.E)

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of MISR CEMENT (QENA) COMPANY (S.A.E), which comprise the consolidated statement of financial position as at December 31, 2021 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

These consolidated financial statements are the responsibility of the company's management. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with the Egyptian Accounting Standards and in the light of the prevailing Egyptian laws, management responsibility includes, designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error, management responsibility also includes selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MISR CEMENT (QENA) COMPANY (S.A.E) as at December 31, 2021, and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation.

Report on Other Legal and Regulatory Requirements

The financial information included in the Board of Director's report, prepared in accordance with Law No.159 of 1981 and its executive regulations, is in agreement with the mpany's books of account, according to the limits of this information in books.

Cairo, February 28, 2022

Auditor

KRESTON EGYPT
Tamer Nabarwy & Co.
Public Accountants & Consultants

Gomaa Farag
Financial Regulatory Authority
Register Number (345)
Tamer Nabarawy and Co.
Kreston Egypt

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Assets	Notes	31 December 2021	31 December 2020
Non-current Assets		EGP	EGP
Fixed assets – Net	(5)	2 076 650 071	2 194 036 037
Projects under construction	(6)	88 001 953	90 545 793
Assets right to use	(7)	6 827 921	--
Financial investment held for sale through OCI	(8)	--	1
Investments in associates	(9)	17 519 074	16 341 428
Goodwill		481 159 424	481 159 424
Intangible assets	(10)	231 628 313	236 450 303
Deferred tax assets	(19)	14 938 441	15 387 081
Total non-current assets		**2 916 725 197**	**3 033 920 067**
Current assets			
Inventory	(11)	509 762 987	580 857 168
Accounts and notes receivable	(12)	39 618 397	51 521 628
Debtors and other debit balances	(13)	171 727 427	199 879 481
Investments held for sale		1 618 427	--
Cash on hand and at banks	(14)	97 032 842	86 147 932
Total current assets		**819 760 053**	**918 406 209**
Total assets		**3 736 485 277**	**3 952 326 276**
Equity			
Issued & paid up capital	(15)	720 000 000	720 000 000
Reserves	(16)	206 198 291	199 526 661
Retained earnings		378 014 112	400 198 968
Net profit for the year		146 060 561	33 849 273
Total equity (company's shareholders)		**1 450 272 964**	**1 353 574 902**
Non- controlling shareholders interests	(17)	454 204 191	425 608 684
Total equity		**1 904 477 155**	**1 779 183 586**
Non-current liabilities			
Long term loans	(18)	248 052 768	496 822 102
Accrued Land operating lease		25 078 706	33 744 230
Deferred tax liabilities	(19)	335 647 893	335 019 177
Total non-current liabilities		**608 779 367**	**865 585 509**
Current liabilities			
Provisions	(20)	80 763 145	68 966 905
Credit facilities	(21)	307 105 701	80 646 375
Current portion of long term loans	(18)	257 336 026	470 917 851
Suppliers and notes payable		362 171 225	467 411 325
Receivables – advanced payments		52 002 756	62 702 414
Lease contract liability		1 457 163	--
Creditors and other credit balances	(22)	127 961 195	136 470 971
Accrued income tax	(23)	34 431 517	20 441 340
Total current liabilities		**1 223 228 728**	**1 307 557 181**
Total liabilities		**1 832 008 095**	**2 173 142 690**
Total equity and liabilities		**3 736 485 250**	**3 952 326 276**

- The accompanying notes are an integral part of the Consolidated financial statements.
- Auditor's report attached.

Managing Director	Group Chief Financial	Group Financial Manager
Tarek Talaat Ahmed	Ahmed Abdel Hamid Emam	Moustafa Abd Elrazek

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CONSOLIDATED STATEMENT OF INCOME (Profit and Loss)

	Notes	31 December 2021	31 December 2020
		EGP	EGP
Net Sales		2 528 430 700	2 518 793 547
(Less)			
Cost of Sales	(24)	(2 043 668 222)	(2 194 398 438)
Gross Profit		**484 762 478**	**324 395 109**
Selling and marketing expenses	(25)	(19 170 702)	(23 665 950)
General and administrative expenses	(26)	(153 250 759)	(131 291 252)
Other Revenues	(27)	7 829 701	7 584 658
Provisions no longer required		--	49 000
Other expenses		(5 534 250)	(786 653)
Provisions charged		(11 796 240)	(3 958 202)
Total		**(181 922 250)**	**(152 068 399)**
Net operating Income		**302 840 228**	**172 326 710**
Add/(Less)			
Financial expenses		(98 592 178)	(137 363 042)
Operating lease interest		(2 357 662)	--
Amortization of assets right to use		(257 656)	--
Expected credit loss		(12 598)	--
Capital Gains		978 577	6 236 405
Foreign currency exchange		(555 291)	(498 914)
Credit interest		5 830 085	7 726 461
Company share from investment of associates		2 014 647	870 371
Net profits for the year before Income Taxes		**209 888 152**	**49 297 991**
(Less) :			
Income Tax	(23)	(34 912 268)	(20 721 440)
Deferred Tax		(1 077 356)	(5 561 657)
Net profits after income taxes and before non-controlling shareholders' profits		**173 898 528**	**23 014 894**
Distributed as follow:-			
Controlling shareholders' profits		146 060 561	33 849 273
Non-controlling interest profits / (losses)		27 837 967	(10 834 379)
		173 898 528	**23 014 894**

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

Managing Director	Group Chief Financial	Group Financial Manager
Tarek Talaat Ahmed	Ahmed Abdel Hamid Emam	Moustafa Abd Elrazek

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	31 December 2021	31 December 2020
	EGP	EGP
Net profits for the year after Taxes	173 898 528	23 014 894
Add :		
Other Comprehensive income	--	--
Comprehensive income for the year	**173 898 528**	**23 014 894**
Distributed as follow :		
Controlling shareholders	146 060 561	33 849 273
Non-controlling shareholders interest profits	27 837 967	(10 834 379)
	173 898 528	**23 014 894**

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

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CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

	Controlling shareholder's interests						
31 December 2020	Issued & Paid up Capital EGP	Reserves EGP	Retained earnings EGP	Net Profit for the Year EGP	Total EGP	Non-controlling shareholders interest EGP	Total Equity EGP
Balance as of 1 January 2020	720 000 000	197 764 472	394 117 673	34 671 110	1 346 553 255	436 443 144	1 782 996 399
Transferred to retained earnings	--	--	34 671 110	(34 671 110)	--	--	--
Transferred to reserves	--	1 762 189	(1 762 189)	--	--	--	--
Dividends distribution	--	--	(26 827 626)	--	(26 827 626)	(81)	(26 827 707)
Total Comprehensive income for the year	--	--	--	33 849 273	33 849 273	(10 834 379)	23 014 894
Balance as of 31 December 2020	720 000 000	199 526 661	400 198 968	33 849 273	1 353 574 902	425 608 684	1 779 183 586
31 December 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
Adjustments implementing standard no. (47)	--	--	(16 487 597)	--	(16 487 597)	(111 551)	(16 599 148)
Balance after adjustments	720 000 000	199 526 661	383 711 371	33 849 273	1 337 087 305	425 497 133	1 762 584 438
Transferred to retained earnings	--	--	33 849 273	(33 849 273)	--	--	--
Transferred to reserves	--	6 671 630	(6 671 630)	--	--	--	--
Adjustments on retained earnings	--	--	(7 372 444)	--	(7 372 444)	869 129	(6 503 315)
Dividends distribution	--	--	(25 502 458)	--	(25 502 458)	(38)	(25 502 496)
Total Comprehensive income for the year	--	--	--	146 060 561	146 060 561	27 837 967	173 898 528
Balance as of 31 December 2021	720 000 000	206 198 291	378 014 112	146 060 561	1 450 272 964	454 204 191	1 904 477 155

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

Managing Director	Group Chief Financial	Group Financial Manager
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CONSOLIDATED STATEMENT OF CASH FLOWS

	Notes	31 December 2021	31 December 2020
		EGP	EGP
Cash Flows From Operating Activities			
Net Profits before income taxes		209 888 152	49 297 991
Adjustments to reconcile net profit to cash flows			
Depreciation of fixed assets	(5)	143 953 084	144 444 320
Amortization of assets right to use		257 656	--
Amortization of intangible assets	(9)	9 221 319	7 566 866
Exchanged Foreign currency		555 291	498 914
Capital gains		(978 577)	(6 236 405)
Expected credit loss		12 598	--
Provision no longer required		--	(49 000)
Provisions charged		11 796 240	3 958 202
Company share from investment of associates		(2 014 647)	(870 371)
Financial expenses		98 592 178	137 363 042
Credit interests		(5 830 085)	(7 726 461)
Operating profits before changes in current assets and current liabilities		**465 453 209**	**328 247 098**
Change in inventory	(10)	71 094 181	421 713
Change in accounts receivables and notes receivables	(11)	(3 447 030)	(12 581 803)
Change in land operating lease accrued		(14 293 937)	2 442 960
Change in debtors and other debit balances	(12)	27 012 067	(16 851 921)
Change in receivables – advance payments		(10 699 658)	(41 979 100)
Change in suppliers and notes payable		(105 240 100)	(17 869 029)
Change in creditors and other credit balances	(21)	(7 001 005)	(75 443 283)
Assets held for sale		(1 618 400)	--
Cash flows from operating activities		**421 259 327**	**166 386 635**
Paid Income taxes	(26)	(20 922 091)	(21 930 683)
Net cash from operating activities		**400 337 236**	**144 455 952**
Cash flows from investing activities			
Payments for purchase fixed assets and projects	(5)	(28 980 736)	(19 091 419)
Proceeds from sale of fixed assets	(5)	1 536 707	2 665 998
Dividends from Investments in associates		837 000	1 320 000
Credit interest collected		5 810 737	7 801 100
Change in Time deposits (maturing after three months)	(13)	2 502 307	(2 502 306)
Net cash from investing activities		**(18 293 985)**	**(9 806 627)**
Cash flows from financing activities			
Change in credit banks		226 459 326	80 646 375
Paid debit interests		(100 298 646)	(141 185 918)
Change in loans	(17)	(462 351 159)	(144 919 162)
Adjustments on retained earnings		(6 503 315)	--
Dividends distribution paid		(25 406 949)	(28 053 546)
Net cash flow from financing activities		**(368 100 743)**	**(233 512 251)**
Net changes in cash and cash equivalents		**13 942 508**	**(98 862 926)**
Exchange Foreign currency		(555 291)	(498 914)
Cash and cash equivalent – beginning of the year		82 294 625	181 656 465
Cash and cash equivalent – end of year		**95 681 842**	**82 294 625**
For the purpose of preparing a statement of cash flows cash and cash equivalents are represented in the following:			
Cash and cash equivalent		97 032 842	86 147 932
Time deposits - maturing after three months		(1 351 000)	(3 853 307)
Cash And Cash Equivalent – End of the year		**95 681 842**	**82 294 625**

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

Managing Director	Group Chief Financial	Group Financial Manager
Tarek Talaat Ahmed	Ahmed Abdel Hamid Emam	Moustafa Abd Elrazek

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1. About the Company

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

1.1. Company's Background

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

1.2. Company's purpose

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

1.3. The Company's Location

- The head office is located in the city of Qeft in Qena Governorate.

1.4. The company duration

- The duration of the company is 25 years starting from the date of the registration in the commercial register.

1.5. Financial year

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

1.6. Approval of the financial statements

- The consolidated Financial Statements of the Company for the year ended December 31, 2021 were authorized for issuance in accordance with a resolution of the board of directors on February 28, 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	**31 December 2021** %	**31 December 2018** %	**1 November 2015** %
ASECO READY MIX (S.A.E)	Direct	99.9	99.9	45
MINYA PORTLAND CEMENT (S.A.E)	Direct	60.36	60.36	13.88
QENA FOR MAINTENANCE (S.A.E)	Indirect	99.8	--	--

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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.

MINYA PORTLAND CEMENT (S.A.E)

- ARAB NATIONAL COMPANY FOR CEMENT (S.A.E) was established according to Law No. 8 of 1997 and its executive regulations number 669 for the year 2006.The Company was registered in commercial registry under No, 19045 Cairo on 1 June, 2006.
- On 22 March 2016 the extraordinary general assembly meeting decided to relocate the company's head office to 22 street Anwar 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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MINYA PORTLAND CEMENT (S.A.E) (Follow)

- In 1 November 2015 Misr Cement Company (S.A.E) acquired 44 872 676 shares in ASECO Company (S.A.E) which represents 46.48% from the total shares for the company, resulted in a goodwill balance amounts to EGP
- 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:

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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. Impairment of receivables

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

c. Useful lives of fixed assets

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

d. Impairment of Inventory

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

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

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

3.3 Fair value measurement

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

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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 and facilities	5% - 6.6%
Machinery and equipment	5% - 10%
Motor vehicles	20%
Tools	10%
Furniture, fixtures and office equipment	10% - 50%

4.3 Projects under construction

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

4.4 Intangible assets

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

4.5 Financial Leased Assets

The original (usufruct) asset and a commitment to lease contracts are recognized at the start date of the lease, whereby the lease contract commitment is measured at the present value of unpaid rental payments on that date, discounted using the interest rate on the additional borrowing of the company, and results in financing expenses in accordance with Accounting Standard No. (49) for the year 2019.

4.6 Investments in associates

Investments in associates are recorded at equity method is applied to account for investments associates, whereby, investments are recorded based on the equity method including any goodwill, deducting any impairment losses.

4.7 Investments 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.

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4 Significant accounting policies (follow)

4.8 Inventory

The Inventory elements are valued as follows:

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

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

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

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

4.9 Revenue

A. Sales

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

- **Sale of goods (Local)**

  Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

- **Sale of goods (Export)**

  Revenue from sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods according to contract terms.

B. Distributed dividends

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

C. Interest income

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

4.10 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)

4.10 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.

4.11 Provisions

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

4. Significant accounting policies (follow)

4.12 Taxes

A. Income Tax

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

B. Deferred taxes

Deferred tax occurs to reflect the existence of some temporary differences due to the difference in time frames when the current value of assets and liabilities are recognized between the prevailing taxation principles and accounting principles that are adhered to when preparing the financial statement.
The deferred tax is determined according to the prevailing method used to settle the present value of assets and liabilities. It should be taken into account that the deferred tax maybe considered an asset of the company if there is a possibility that it may be used to reduce the accrued tax profits of the company for future years, and the amount of the deferred tax considered as an asset of the company is reduced by the amount that may not be off-set against future taxes.

4.13 Receivables, notes receivable, debtors and other debit balances and suppliers' advanced payment

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

4.14 Related party transactions

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

4.15 Treasury shares

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

4.16 Legal reserve

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

4.17 General reserve

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

4.18 Capital reserve

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

4.19 Borrowing

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

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the effective interest rate method amortization process.
Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance cost in the income statement.

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4. Significant accounting policies (follow)

4.20 Expenses

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

4.21 Borrowing cost

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

4.22 Pension plan for employees

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

4.23 The Contingents Liabilities and Commitments

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

4.24 Dividends

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

4.25 Cash Flow Statement

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

4.26 Cash and cash equivalent

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

4.27 Comparative Figures

The comparative figures were reclassified to comply with current figures.

4.28 Earnings per share

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

4.29 Capital management

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

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

4.30 Fair value of financial instruments

The financial instruments 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.

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4. Significant accounting policies (follow)

4.31 Financial instruments and risk management related

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

A. Credit risk

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

B. Liquidity risk

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

C. Interest rate risk

Interest rate risk is represented in the change in value of financial instrument due to the fluctuation of the market interest rates. This risk is considered limitied 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

31 December 2021	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
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**
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 17).
There is a commercial mortgage over all the existing, new tangible and intangible fixed assets of MINYA PORTLAND CEMENT COMPANY as collateral against the long term loan (Note 17).

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5. Fixed assets (follow)

31 December 2020	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
Cost at 1 January 2020	7 543 974	1 019 271 216	2 311 420 754	105 995 221	8 470 993	30 144 174	1 604 342	3 484 450 674
Transferred from financial leased assets	--	--	3 630 000	1 649 500	--	--	--	5 279 500
Additions during the year	--	2 825 951	8 618 758	6 321 627	5 423 701	627 963	--	23 818 000
Disposals during the year	--	(414 479)	(1 742 607)	(1 708 502)	--	--	--	(3 865 588)
Cost at 31 December 2020	**7 543 974**	**1 021 682 688**	**2 321 926 905**	**112 257 846**	**13 894 694**	**30 772 137**	**1 604 342**	**3 509 682 586**
Accumulated Depreciation at 1 January 2020	--	259 761 734	820 747 080	55 658 014	6 419 819	25 375 095	1 361 863	1 169 323 605
Depreciation for the year	--	32 404 569	100 201 924	9 205 327	746 709	1 776 082	109 709	144 444 320
Depreciation of financial leased assets	--	--	2 082 894	1 004 820	--	--	--	3 087 714
Depreciation of Disposals	--	(22 451)	(210 565)	(976 074)	--	--	--	(1 209 090)
Accumulated Depreciation at 31 December 2020	--	**292 143 852**	**922 821 333**	**64 892 087**	**7 166 528**	**27 151 177**	**1 471 572**	1 315 646 549
Net book value at 31 December, 2020	**7 543 974**	**729 538 836**	**1 399 105 572**	**47 365 759**	**6 728 166**	**3 620 960**	**132 770**	2 194 036 037

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

	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture, Fixtures and computers EGP	Total EGP
Depreciated asset that still used	12 772 969	11 508 057	6 340 284	4 611 063	10 503 932	**45 736 305**

There is a commercial mortgage over fixed assets of Misr Cement Company (Qena) as collateral against the long term loan (Note 17).
There is a commercial mortgage over all the existing, new tangible and intangible fixed assets of MINYA PORTLAND CEMENT COMPANY as collateral against the long term loan (Note 17).

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6. Projects under construction

	31 December 2021	31 December 2020
	EGP	EGP
Buildings and constructions	77 623 601	81 619 135
Machinery and equipment	7 387 286	3 561 727
Advanced payments	1 965 396	1 225 066
Information Systems	1 025 670	4 139 865
	88 001 953	**90 545 793**

7. Assets right to use

The statement of financial position was prepared on December 31, 2021(considering that the first application date is the beginning of the annual report period on December 31, 2020) after making the necessary adjustments to convert to EAS (49) operating leases - for the period from the date of application of EAS (49) to December 31, 2020 - These adjustments include adjustments at the financial position as of December 31, 2020, all of which have been settled on the balance of retained earnings on January 1, 2021. This value affected on the retained earnings amounted by 16 651599 EGP.

The balances and associations of operating leases as at 31 December 2021 resulting from the application of EAS (49) operating leases as follow

1- Assets right to use	**Operating assets**	**Total**
	EGP	EGP
Cost as at January 1, 2021	--	--
Adjustment at Cost of assets	10 306 294	**10 306 294**
Total cost as at December 31 ,2021	**10 306 294**	**10 306 294**
Adjustment at accumulated amortization	3 220 717	**3 220 717**
amortization of the year	257 656	**257 656**
Accumulated amortization as at December 31,2021	**3 478 373**	**3 478 373**
Net book value as at December 31 ,2021	**6 827 921**	**6 827 921**

2- Operating lease liabilities

Lease liabilities - current portion	1 457 163	**1 457 163**
Lease liabilities – Non - current portion	25 078 706	**25 078 706**
	26 535 869	**26 535 869**

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8. Financial investment held for sale through OCI

	Percentage of ownership	31/12/2020	31/12/201٩
		EGP	EGP
The Egyptian African company for investment	3%	150 000	150 000
(Less):			
Impairment in available for sale investments		(149 999)	(149 999)
Disposals*		(1)	--
		--	1

The Extraordinary General Assembly meeting of The Egyptian African Company for Investment and Development was held in May18th, 2016 and has decided to hold the company's activities till 31 December2019 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

9. Investments in associates

	Percentage of ownership	Balance as of 31 December 2021	Balance as of 31 December 2020
		EGP	EGP
South of Upper Egypt Company of sacks manufacturing	20%	17 519 074	16 341 428
		17 519 074	**16 341 428**

10. Intangible assets

	31 December 2021	31 December 2020
	EGP	EGP
Cost		
Beginning Balance	277 680 376	277 680 376
Additions during the year	4 399 329	--
Ending Balance for the year	**282 079 705**	**277 680 376**
Accumulated amortization		
Beginning Balance for the year	(41 230 073)	(33 663 205)
Amortization during the year	(9 221 319)	(7 566 868)
Ending Balance year	**(50 451 392)**	**(41 230 073)**
Net book value at the end of year	**231 628 313**	**236 450 303**

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

11. Inventory

	31 December 2021	31 December 2020
	EGP	EGP
Raw materials	55 550 376	68 187 417
Gasoline, Mazot & coal	26 902 849	67 201 913
Spare parts	86 135 089	80 494 950
Work in progress	295 978 627	337 511 643
Finished goods	45 196 046	27 461 245
	509 762 987	**580 857 168**

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12. Accounts receivable and notes receivable

	31 December 2021	31 December 2020
	EGP	EGP
Accounts receivable	56 288 658	50 743 050
Notes receivable	--	2 279 528
	56 288 658	**53 022 578**
(Less) :		
Expected credit loss	(16 670 261)	(1 500 950)
	39 618 397	**51 521 628**

13. Debtors and other debit balances

	31 December 2021	31 December 2020
	EGP	EGP
Advanced payment – suppliers	58 628 087	69 480 241
(ASEC) Technical Managing	3 247 102	11 523 909
Tax authority– value added tax	16 529 162	22 528 371
Tax authority–Real estate tax*	--	2 974 508
Tax authority– withholding taxes	21 091 861	15 113 795
Deposits with others	38 209 832	38 911 332
Prepaid expenses	8 066 308	12 354 113
Cover of letter of guarantee	3 294 000	5 718 533
Letter of credit	2 880 000	6 804 441
Accrued interest on time deposits	56 148	36 800
Other debit balances	21 938 525	18 462 209
	173 941 025	**203 908 252**
(Less):		
Expected credit loss	(2 213 598)	(4 028 771)
	171 727 427	**199 879 481**

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

14. Cash on hand and at banks

	31 December 2021	31 December 2020
	EGP	EGP
Cash on hand	2 797 092	1 859 721
Current accounts in banks	88 155 205	78 544 011
Time deposit (maturing during three months)	2 250 885	1 410 743
Time deposits (maturing more than three months)	1 351 000	3 853 307
Checks under collection	2 478 660	480 150
	97 032 842	**86 147 932**

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.

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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	10,16%	7 315 317	73 153 170
Egyptian Company for investment projects	10,07%	7 251 096	72 510 960
Egyptian Kuwait Investment Company	9,88%	7 114 206	71 142 060
National Investment Bank	9,58%	6 895 599	68 955 990
Egypt Company for Life Insurance	9,37%	6 748 839	67 488 390
QNB for finance services	6.69%	4 821 514	48 215 140
Individual & IPO	22.94%	16 512 043	165 120 430
	% 100	**72 000 000**	**720 000 000**

16. Reserves

	Legal reserve	General reserve	Capital reserve	Total
	EGP	EGP	EGP	EGP
Balance at 1 January 2021	185 908 682	10 216 984	3 400 995	199 526 661
Reserves during the year	2 368 796	--	4 302 834	6 671 630
Balance at 31 December 2021	**188 277 478**	**10 216 984**	**7 703 829**	**206 198 291**

17. Non-Controlling shareholder's interests

First: Change in non-controlling interest shareholders

	31 December 2021	31 December 2020
	EGP	EGP
Beginning Balance for the year	425 608 684	436 443 144
Non-controlling interest -share in net profit for the year	27 837 967	(10 834 379)
The company share from the retained earning adjustments	757 578	--
Non-controlling interest -share in dividends distribution	(38)	(81)
Ending balance for the year	**454 204 191**	**425 608 684**

Second: non-controlling shareholders' balance in subsidiaries

Non-controlling shareholders' balance in subsidiaries

	Percentage of ownership %	31 December 2021 EGP	31 December 2020 EGP
Minya Portland Cement shareholders			
Safari limited for investments	30.72	352 014 046	329 852 163
Industrial Fund for Developing countries	4.64	53 156 857	49 810 241
FLSmidth	4.27	48 973 182	45 889 958
National Company for development and trading	--	59 361	55 624
Others	--	356	334
ASECO READY MIX shareholders			
Others	0.01	389	364
		454 204 191	**425 608 684**

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18. Long term loan

	31 December 2021	31 December 2020
	EGP	EGP
The balance accrual		
Misr Cement (Qena) company	242 402 042	363 830 626
Minya Portland Cement company	262 986 752	603 909 327
	505 388 794	**967 739 953**
The Current portion		
Misr Cement (Qena) company	(121 428 586)	(121 428 586)
Minya Portland Cement company	(135 907 440)	(349 489 265)
Total of the current portion	**(257 336 026)**	**(470 917 851)**
Total long term loans	**248 052 768**	**496 822 102**

- 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 Minya Portland Cement signed a joint loan contract of 1 102 million Egyptian pounds with Arab African International Bank (loan agent).

- On June 12, 2013 Minya Portland Cement Company performed an amendment on the loan contract by increasing the loan amount from 1 102 million EGP to become 1 227 million Egyptian pounds and it will be paid over 13 annual installments starting from September 30, 2014 instead of September 30, 2013 each by an amount of 92. 85 million EGP and ends on September 30, 2020.

- There is a commercial mortgage over all the existing, new tangible and intangible fixed assets of Minya Portland Cement as collateral against the long term loan (Note 5)

19. Deferred Tax Assets / (Liabilities)

	Assets		Liabilities	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	EGP	EGP	EGP	EGP
Beginning balance for the year	15 387 081	14 593 236	335 019 177	328 663 674
Assets and (liabilities) movements-deferred tax	(448 640)	793 845	628 716	6 355 503
Ending balance for the year	**14 938 441**	**15 387 081**	**335 647 893**	**335 019 177**

20. Provisions

	Balance as of 1 January 2021	Charged during the year	Balance as of 31 December 2021
	EGP	EGP	EGP
Tax provision	8 416 731	100 000	8 516 731
Provision for other claims and litigations	21 269 174	--	21 269 174
Provision for claims	39 281 000	11 696 240	50 977 240
	68 966 905	**11 796 240**	**80 763 145**

21.Credit Facilities

The balance of the debit current account on December 31,2021 of Qena Cement Company, has facilities amounted EGP 307 105 701 from the National Bank of Egypt to finance the purchase of raw materials and production tools within limited amount to EGP 100 000 000.

22.Creditors and other credit balances

	31 December 2021	31 December 2020
	EGP	EGP
Tax authority	8 544 278	21 161 785
Retention	16 111 264	15 909 922
Liabilities from Finance lease contracts	--	880 496
Syndicate Stamps	6 385 852	6 402 532
Employees services association	461 636	275 708
Social insurance authority	2 777 753	1 504 758
Tax authority- value add tax	24 866 418	29 219 457
Production development fees	3 734 437	6 643 073
Accrued debit interests	2 962 692	4 669 160
Accrued expenses	36 496 528	30 756 545
Creditors - Dividends	2 355 861	2 260 314
Other- creditors	23 264 476	16 787 221
	127 961 195	**136 470 971**

23.Accrued Income tax

	31 December 2021	31 December 2020
	EGP	EGP
Beginning balance	20 441 340	21 650 583
Accrued income tax for the year	34 912 268	20 721 440
Payments to tax authority	(20 922 091)	(21 930 683)
	34 431 517	**20 441 340**

24.Cost of sales

	31 December 2021	31 December 2020
	EGP	EGP
Depreciation and amortization	131 824 618	142 850 203
Governmental fees and technical management contract fees	371 099 056	511 717 003
Electricity and power	848 284 534	1 144 219 872
Raw materials and packaging materials	600 557 017	377 584 102
Rent	5 536 113	9 450 730
Indirect costs	86 366 884	8 576 528
	2 043 668 222	**2 194 398 438**

25.Selling and marketing expenses

	31 December 2021	31 December 2020
	EGP	EGP
Depreciation	431 615	710 100
Salaries and wages	14 495 193	12 697 528
Others	4 243 894	10 258 322
	19 170 702	**23 665 950**

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26.General and administrative expenses

	31 December 2021	31 December 2020
	EGP	EGP
Depreciation And Amortization	1 692 892	3 409 517
Salaries and wages	78 442 217	67 928 602
Donations	3 040 104	5 461 616
Insurance expenses	4 228 823	4 652 760
Others	65 846 723	49 838 757
	153 250 759	**131 291 252**

27 .Other Revenues

	31 December 2021	31 December 2020
	EGP	EGP
Fixtures remaining	734 131	85 800
Revenue from transport ,shipping and handling	41 159 864	135 412 574
Revenue from spare parts	16 128 506	29 289 869
Others	7 009 832	7 498 858
	65 032 333	**172 287 101**
Transport shipping and handling expenses	(41 074 126)	(135 412 574)
Spare Parts Cost	(16 128 506)	(29 289 869)
	7 829 701	**7 584 658**

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
Minya Portland Cement	44 716 155	40 170 864
Misr Cement Beton (Previously ASECO for ready mix company)	26 328 762	--
Qena company for management and maintenance	--	115 541
Minya Portland Cement/ Misr Cement Beton (Previously ASECO for ready mix company)	25 692 841	--
Qena company for management and maintenance/ Misr Cement Beton (Previously ASECO for ready mix company)	5 705 979	--
Qena company for management and maintenance/ Minya Portland Cement	3 904 044	--
	106 347 781	**40 286 405**

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	31 December 2021 EGP
Misr Insurance	Shareholder	Insurance installments	7 486 151
South of upper Egypt company (main supplier)	Associate	Sacks supplying	62 910 667

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29. Capital Commitments

	Currency	Contract amount	Balance as of 31 December 2021
Minya Portland Cement	EGP	24 597 953	1 245 860
Minya Portland Cement	EUR	285 000	3 528 616
Total			**4 774 476**

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

31. Comparative figure

The comparison numbers for the budget have been modified, and the following are the most important items that have been modified.

Financial Position Statement

	٣١ December 2020 after update	Adjustments	31 December 2020 before update
Suppliers and notes payables	467 411 325	35 921 640	431 489 685
Creditors and other credit balances	136 470 971	(35 921 640)	172 392 611

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.

1. Years from beginning of the activity to 2004

All tax differences that are due for that year are paid.

2. Years from 2005/2007

- The company was inspected in these years the differences were settled and the taxes were paid.
- Tax authority objected on the appeal committee's decision about the provision used for the year 2007 with amount of EGP 11,661,503 based on the fact that the provision represent amounts transferred to abroad and must be subjected to article 56 of law 91 for the year 2005 and decided to debit amount and subject it to 20% amounted to EGP 2,915,376 and filed a lawsuit against the company being considered of Qena first instance. The court used experts to consider the difference. We have prepared a note include the legal defense and discussions with the expert about it and issue the expert report that the tax authority does not have the right to subject the provision used according to article 56 from the law no,91 for the year 2005 and its executive regulations an initial judgment was issued in 24 September 2014 for the right for the company about the appeal committee
  The country appeal representative objected on the decision and it is currently being reviewed in Qena court the tax consultant`s opinion is not to form any provision for this appeal

3. Years from 2008/2012

All tax differences that are due have been paid.

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32. Tax Situation (followed)

4. Years from 2013/2014

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

5. Years from 2015/2018

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

6. Year 2019/2020

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

b. Salary tax

1. Years from beginning of the activity to 2014

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

2. Years from 2015/2019

- The company deduct the tax from the employees and export it to the tax authority at the legal dates
- The tax authority provided estimated tax (38 form) for those years and the company was objected at the legal date and waiting to set a date forming a committee to re-inspect with the actual document of the company

3. Year 2020

- The company withholds the tax from the employees and exports it to the tax authority at the legal dates.
- The Tax authority didn't inspect the company's documents for those year.

b. Value added tax (Sales Tax)

1. Years from beginning of the activity to 2007

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

2. Years from 2008/2010

The Tax authority inspected the company for that year and a (15 D A M) form was issued with differences in sales tax amounting to EGP 1,147,876, and the company has objected on this form and the review was completed by Supreme Committee which reduced the amount to EGP 697,549 and this amounts was paid, and lawsuit has been filed by this amount. An application was made to end the dispute in accordance with the provisions of Law 79 of 2016 and its amendments, and no session has been scheduled to date.

3. Years from 2011/2015

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

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32. Tax Situation (followed)

4. Years from 2016/2019

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

5. Year 2020

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

d. Development of the country's financial resources fees

1. Years from 5 May 2008 to 2019

- The company paid the tax till due to date.

2. Year 2020

- The company is present paid development fees according to low No 73 for year 2010 and its adjustments.
- The tax authority inspected the company's books and documents about this year and the authority issued a claim for the accrued development resources differences amount to EGP 82 388 and was rejected on this claim and the dispute is being considered before the internal committee. We believe that the company should incur a provision amounting to EGP 100 000.

e. Property tax

- The law no 196 for the year 2008 issued the real estate tax and adjusted by the law number 103 for the year 2012. And then once more with law no 117 for the year 2014.
- The company submitted its property tax return on its property which it owns to the tax authority according to the law No. 196 of 2008 and its adjustments.
- The appeal committee's decision was to estimate the annual tax on the company`s factory by EGP 844 576 which results in an accrued tax till 31 December 2021 by EGP 7 178 896 and delay fee, The dispute is still pending before the competent court, as for the committee to end the conflict.
- The appeal committee`s decision was to estimate the annual tax on Safag`s land for EGP 4 776 and the company paid the accrued tax till 31 December 2021 amount EGP 40 596 and delay fees, the company has paid.
- The real estate tax authority filed form 3 real estate tax on the company`s head office to estimate the annual tax by EGP 55 423 by total of accrued tax of EGP 471 096 till 31 December 2021 and delay fees. and the company the tax till due to date and the forms were appealed to resolve the dispute in front of the appeal committee.
- The real estate tax authority filed form 3 (real estate tax) on the elevating water station for EL- Kalabya canal for EGP 1 155 by total amount EGP 9 818 till 31 December 2021 and delay fees, the company has paid that claim.
- The real estate tax authority filed form 3 real estate tax for the lime quarry that the company is licensed to exploit by the Qena governorate, estimating the annual tax at EGP 648 099, with a total tax due EGP 5 508 842 EGP until December 31, 2021, and the company appealed against it in The legal date
- The real estate tax authority filed form 3 real estate tax for the sand quarry that the company is licensed to use by the governorate of Qena, estimating the annual tax at EGP 32 640 with a total tax due EGP 277 440 EGP until December 31, 2021, in contrast to the delay payment, the company appealed against it on the legal date, and the appeal committee approved the assignment's estimates, and a decision was issued by the appeal committee supporting the decision.

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32. Tax Situation (followed)

The Tax situation for Minya Portland Cement

A. Corporate tax

The company submitted the tax return for the year ended 31 December 2020 in the legally determined date.

Years from 2010 till 2016

- The tax Authority has estimated the examination of the company for the years 2010 to 2012
- The company has appealed the form within the legal date, and a decision was issued by the appeal committee to re-examine those years, and was completed and the re-examination report was written, and the papers are being prepared to form a committee.
- The Taxes authority assessed the company's assessment and sent form 19 for the years 2013 to 2016 and appealed against it on the legal date.
- The opinion of tax consultant of the company believes that there is no need to estimate a potential tax provision for those years until a tax examination is conducted according to the company's books and documents.

Years from 2017 till 2020

- Tax inspection 's date is going to be determined for years from 2013 to 2016.
- The company submitted the tax return for the fiscal year ending on December 31, 2020 on the legally specified date.

A. Salaries and salaries equivalent tax

The company's accounts weren't inspected till that date. The company deducts salaries and salaries equivalent tax and submits it to the tax authority.

- The company deduct the tax from the employees and export it to the tax authority.
- Payroll taxes for the period from 2006 to 2012 were examined and approved by the committee and linked to tax differences of EGP 193 486, and the differences are being paid.
- The company is being examined from 2013 to 2020 at the request of the tax center for major financiers.

C. Value add tax / Sales tax

- According to decision of General Investment Authority issued in November 2013, it was decided to consider starting the activity from August 2013, and the company has been registered with the competent sales tax officials, and the sales tax returns are submitted on the specified dates. Paying the differences at due until 31 December 2013.
- The company has filed a lawsuit against the Ministry of Finance (Sales Tax Authority) to absolve it of paying the sales tax on capital goods for the cement production line, as well as recovering what has been paid from sales tax equivalent to 5% of the total value of the tax claimed by the sales tax collector The previous payment was made upon receipt of the capital goods at the customs. The decision of the conciliation committees to settle disputes at the Egyptian Tax Authority was issued to support the company's requests. The objection was made by the tax authority and the dispute was referred to the judiciary. The dispute is still pending before the judiciary.

Years from 2014 to 2015

The company was inspected and the tax due was settled.

d) Withholding tax

- The years 2016 to 2019 were examined on 5/9/2021, amendment form 15 was issued on 5/26/2021 with a total tax difference of 147 573 844 Egyptian pounds (one hundred and six million, five hundred and seventy-three thousand eight hundred and forty-four) and the appeal was submitted on the form on 23/6/2021.
- A memo of appeal was submitted on 7/7/2021, and a date was set for the internal committee after reducing the value of tax differences by EGP 87,409,262 and referring EGP 59,737,012 to the Appeal Committee, where a date was set for the appeal by the Committee.
- The company's tax advisor believes that he was not able to calculate the value of the tax claim for any differences, if any, because the appeal committee has not issued it to this date
- The company applies the withholding tax on its transactions with others according to the income tax law no. 91 for the year 2005 and is paid on its legal dates.

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32. Tax Situation (followed)

e) Stamp tax

- Regarding to stamp duty, the company was inspected till December 31, 2015 and the tax due was settled.
- The company was accounted estimated according to 19 stamps for the period from 2016 to 2019 with a total amount of 9,932 214 pounds.

f) Real estate tax

- The Company paid the due tax for the year from July 2013 to 2020.
- And the year 2021, The Company paid an amount of 786,562 pounds

The Tax status for ASECO READY MIX

The company was established according to act no. 159 for the year 1981 and the company's tax status is as follows:

A. Corporate tax

- The company is being examined for the years from the beginning of the activity until 2018.
- The company has been inspected for the years from 2016 to 2018 with a total tax of 101 644 052 and was objected and the examination is being completed.
- 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.

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 company was registered in the tax authority on sales and the company's tax returns from the initiation of its activity ill 31 of December 2013 are currently inspected According to the articles of the value added tax law no, 67 for the year 2016, the stated acts are applied on the company starting from 8th of September 2016.
- The 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

B. Salaries tax

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

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32. Tax Situation (followed)

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.

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.
- Based on the decision of the Financial Regulatory Authority issued on May 9, 2021. It was allowed to postpone the effect of recognized the accounting Standard No. (47) financial instruments in the financial statements until the deadline of preparing the financial statements at the end of 2021, the company has to record the total accounting effective for the whole year starting from the beginning of January 2021 until December 31, 2021 the companies' have to adequate disclosure for that.

Managing Director	Group Chief Financial	Group Financial Manager
Tarek Talaat Ahmed	Ahmed Abdel Hamid Emam	Moustafa Abd Elrazek