

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

Separate Financial Statements
For The Year Ended December 31, 2021
And Auditor's Report Report

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Auditor's Report

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

Report for the separate financial statements

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

Management's responsibility for the separate financial statements

These Separate financial statements are the responsibility of the company's management. Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the Egyptian Accounting Standards and relevant Egyptian laws. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the 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 Separate financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards and the relevant Egyptian laws and regulations. Those standards require that we comply with ethical requirements, plan and perform the audit to obtain reasonable assurance whether the separate financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 separate 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 separate financial statements.

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate 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 of these separate financial statements

Report for the legal and other regulatory requirements

The company maintains proper accounting records that comply with the laws and the company's articles of association and the Separate financial statements agree with the company's records, the inventory was counted by management in accordance with methods of practice.

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 company's books of account, according to the limits of this information in books.

Cairo, February 28, 2022

Auditor



Tamer Nabarawy and Co.

Kreston Egypt

Misr Cement (Qena) Company (S.A.E)
 Separate Financial statements For The year Ended December 31, 2021

Translation of financial statements
 Originally issued in Arabic

Separate Statement of Financial Position

	Note	31 December 2021	31 December 2020
		EGP	EGP
Assets			
Non-current assets			
Fixed assets	(5)	445 220 114	506 204 347
Intangible assets	(6)	1 890 813	1 206 217
Project under construction		130 738	--
Investments in subsidiaries	(7)	1 157 304 322	1 157 304 322
Financial investments at fair value through OCI	(8)	--	1
Investments in associates	(9)	800 000	800 000
Deferred tax Assets	(18)	14 938 441	15 387 081
Total non-current assets		1 620 284 428	1 680 901 968
Current assets			
Inventory	(10)	266 438 270	373 914 165
Accounts Receivable	(11)	--	--
Due from related parties	(12-A)	14 519 521	13 342 981
Debtors and other debit balances	(13)	35 643 009	90 336 061
Cash on hand and at banks	(14)	50 116 217	58 293 439
Total current assets		366 717 017	535 886 646
Total assets		1 987 001 445	2 216 788 614
Equity			
Issued and paid up capital	(15)	720 000 000	720 000 000
Reserves	(16)	206 198 292	199 526 661
Retained earnings		289 530 197	282 445 514
Net Profit for the year		93 810 764	47 375 911
Total Equity		1 309 539 253	1 249 348 086
Non-current liabilities			
Long term loans	(17)	120 973 456	242 402 041
Deferred tax liabilities	(18)	64 002 746	69 774 402
Total non-current liabilities		184 976 202	312 176 443
Current liabilities			
Provisions	(19)	69 699 664	68 185 905
Facilities	(21)	48 149 674	80 646 375
Current portion of long term loans	(17)	121 428 585	121 428 585
Receivables – advance payments		27 296 250	35 365 351
Suppliers and notes payable	(20)	105 275 346	228 759 645
Due to related parties	(12-B)	15 053 887	26 018 675
Creditors and other credit balances	(22)	74 688 737	77 209 279
Income tax		30 893 847	17 650 270
Total current liabilities		492 485 990	655 264 085
Total liabilities and equity		1 987 001 445	2 216 788 614

- The accompanying notes are an integral part of these separate financial statements.
 - Auditor's Report attached

Managing Director

Tarek Talaat Ahmed



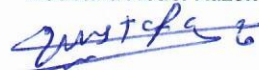
Group Chief Financial

Ahmed Abdel Hamid Emam



Group Financial Manager

Moustafa Abdel Razek



Misr Cement (Qena) Company (S.A.E)
Separate Financial statements For The year Ended December 31, 2021

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Separate Statement of Income

	Note	31 December 2021	31 December 2020
		EGP	EGP
Net Sales		1 244 609 122	1 151 379 948
(Less):			
Cost of sales	(23)	(1 003 591 945)	(977 917 200)
Gross profit		241 017 177	173 462 748
Selling and marketing expenses	(24)	(9 823 083)	(8 610 912)
General and administrative expenses	(25)	(73 749 460)	(61 037 077)
Amortization of intangible assets		(1 662 620)	(402 072)
Other revenue	(26)	1 807 370	6 158 131
Board of directors' salaries, attendance and transportation allowances		(5 958 441)	(5 819 874)
Total expenses		(89 386 243)	(69 711 804)
Net Operating profits		151 630 934	103 750 944
Add / (Less):			
Finance expense		(43 026 297)	(62 029 334)
Provisions charged		(1 513 759)	(3 528 202)
Capital gains		40 505	4 302 835
Expected credit loss		(15 861)	--
Foreign currency exchange differences		215 398	(382 087)
Credit interest		5 286 778	5 649 952
Revenue from investments in associate and subsidiaries companies		6 763 889	12 586 289
Net Profits for the year before Taxes		119 381 596	60 350 397
(Less):			
Income tax		(30 893 848)	(17 650 270)
Deferred Tax		5 323 016	4 675 784
Net Profits For The year After Taxes		93 810 764	47 375 911
Earnings per share (EGP/Share)	(27)	1.09	0.58

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

Managing Director

Tarek Talaat Ahmed

Group Chief Financial

Ahmed Abdel Hamid Emam

Group Financial Manager

Moustafa Abdel Razek

Misr Cement (Qena) Company (S.A.E)
Separate Financial statements For The year Ended December 31, 2021

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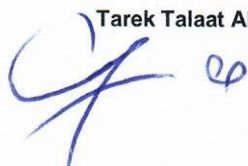
Separate Statement of Comprehensive Income

	31 December 2021	31 December 2020
	EGP	EGP
Net Profits For The year After Taxes	93 810 764	47 375 911
Add / (Less):		
Other comprehensive income	--	--
Total comprehensive income for the year	93 810 764	47 375 911

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

Managing Director

Tarek Talaat Ahmed



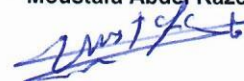
Group Chief Financial

Ahmed Abdel Hamid Emam



Group Financial Manager

Moustafa Abdel Razek



Misr Cement (Qena) Company (S.A.E)
Separate Financial statements For The year Ended December 31, 2021

Separate statement of Change in Equity

	Note	Issued and Paid up Capital	Reserves	Retained Earnings	Net Profit for the year	Total
31 December 2020						
Balance at 1 January 2020		720 000 000	197 764 472	270 918 761	35 243 767	1 223 927 000
Transferred to retained earnings		--	--	35 243 767	(35 243 767)	--
Transferred to reserves		--	1 762 189	(1 762 189)	--	--
Distributed Dividends		--	--	(21 954 825)	--	(21 954 825)
Total Comprehensive Income for the year		--	--	--	47 375 911	47 375 911
Balance at 31 December 2020		720 000 000	199 526 661	282 445 514	47 375 911	1 249 348 086
31 December 2021						
Balance at 1 January 2021		720 000 000	199 526 661	282 445 514	47 375 911	1 249 348 086
Adjustments Implementing Standard no (47) financial instruments		--	--	(989 417)	--	(989 417)
Balance after adjustments		720 000 000	199 526 661	281 456 097	47 375 911	1 248 358 669
Transferred to retained earnings		--	--	47 375 911	(47 375 911)	--
Transferred to Reserves		--	6 671 631	(6 671 631)	--	--
Adjustments on retained earnings	(28)	--	--	(8 696 367)	--	(8 696 367)
Distributed Dividends		--	--	(23 933 813)	--	(23 933 813)
Total Comprehensive Income for the year		--	--	--	93 810 764	93 810 764
Balance at 31 December 2021		720 000 000	206 198 292	289 530 197	93 810 764	1 309 539 253

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

Managing Director

Tarek Talaat Ahmed

Group Chief Financial

Ahmed Abdel Hamid Ernam

Group Financial Manager

Moustafa Abdel Razeq

Misr Cement (Qena) Company (S.A.E)
Separate Financial statements For The year Ended December 31, 2021

Separate Statement of Cash Flows

	Note	31 December 2021 EGP	31 December 2020 EGP
Cash Flows From Operating Activities			
Net Profits for the year before taxes		119 381 596	60 350 397
Adjustment to reconcile net profit to cash flow from operating activities			
Depreciation of fixed assets	(5)	62 160 956	62 498 054
Amortization of intangible assets	(6)	1 662 620	402 072
Revenue from investment		(6 763 889)	(12 586 289)
Expected credit loss		15 861	--
Provisions charged	(19)	1 513 759	3 528 202
Capital gains		(40 505)	(4 302 835)
Foreign currency exchange	(4.1)	(215 398)	382 087
Debit interest		43 026 297	62 029 334
Credit interest	(4.9)	(5 286 778)	(5 649 952)
Net Operating profits		215 454 519	166 651 070
Change in inventory	(10)	107 475 895	(41 528 186)
Change in accounts receivables and notes receivables	(11)	--	--
Change in related parties	(12)	(12 314 046)	8 202 706
Change in debtors and other debit balances	(13)	53 855 102	(30 982 492)
Change in receivables – advance payments		(8 069 101)	(24 509 389)
Change in suppliers	(20)	(123 484 299)	39 961 836
Change in creditors and other credit balances	(22)	(843 586)	(52 220 606)
Cash flow from operating activities		232 074 484	65 574 939
(Payment) of income tax		(17 650 271)	(13 932 179)
Net cash Flows from operating activities		214 424 213	51 642 760
Cash flows from investing activities			
(Payments) For purchase fixed assets	(5)	(1 176 723)	(6 670 826)
(Payments) For purchase intangible assets		(2 347 216)	--
Proceeds from sale of fixed assets		40 505	--
Change in project under construction		(130 738)	2 601 960
Collected credit interest		5 286 778	5 649 952
Collected from dividends distributions		6 769 280	12 624 787
Net cash Flows from investing activities		8 441 886	14 205 873
Cash flows from financing activities			
Change in facilities		(32 496 701)	80 646 375
Paid from loans		(121 428 585)	(121 428 585)
Debit interest paid		(44 732 765)	(65 852 210)
Adjustment on retained earning		(8 696 367)	--
Distributed dividends - paid		(23 904 301)	(23 219 935)
Net cash flows from financing activities		(231 258 719)	(129 854 355)
Net cash and cash equivalents during the year		(8 392 620)	(64 005 722)
Foreign Currency exchange differences	(4.1)	215 398	(382 087)
Cash and cash equivalent – beginning of the year		56 942 439	121 330 248
Cash And Cash Equivalent – End of the year		48 765 217	56 942 439
For the purpose of preparing the statement of cash flow :			
Cash and cash equivalent		50 116 217	58 293 439
(Less):			
Time deposit – maturing after three months		(1 351 000)	(1 351 000)
Cash and cash equivalent – end of the year		48 765 217	56 942 439

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

Managing Director

Tarek Talaat Ahmed

Group Chief Financial

Ahmed Abdel Hamid Emam

Group Financial Manager

Moustafa Abdel Razek

Misr Cement (Qena) Company (S.A.E)
Separate Financial statements For The year Ended December 31,2021

Notes to the separate Financial Statements

1. About the Company

1.1. Company's Background

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

1.2. Company's purpose

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

1.3. The Company's Location

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

1.4. The company duration

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

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 year ended December 31, 2021 were authorized for issuance in accordance with a resolution of the board of directors on February 28, 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 Financial statements For The year Ended December 31,2021

3. Significant accounting estimates and personal judgments

3.1 The significant estimates and assumptions

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

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

a. Income tax

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

b. Expected credit loss in value of commercial debtors.

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

c. Useful lives of fixed assets

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

d. Impairment of Inventory

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

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

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

3.3 Fair value measurement

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

Misr Cement (Qena) Company (S.A.E)
Separate Financial statements For The year Ended December 31,2021

4. Significant accounting policies

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

4.1 Foreign currencies translation

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

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

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

4.2 Fixed assets and its Depreciation

The first recognition and initial measurement

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

a. Subsequent Cost

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

b. Depreciation

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

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

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

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 Financial statements For The year Ended December 31,2021

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.

Misr Cement (Qena) Company (S.A.E)
Separate Financial statements For The year Ended December 31,2021

4. Significant accounting policies (followed)

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 Financial statements For The Year Ended December 31, 2021

Translation of financial statements
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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.
- 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 as follows:

	1/1/2021	Impact of implanting standard no(47)	1/1/2021
	Before adjustments	Financial instruments	After adjustments
Retained earnings	282 445 514	(989 417)	281 456 097
Due from related parties	--	156 854	156 854
Debtors and other debt balances	--	832 563	832 563

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.

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

Separate Financial statements For The Year Ended December 31, 2021

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4. Significant accounting policies (followed)

- 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.

4.12 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.

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4. Significant accounting policies (followed)

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.

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.

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4. Significant accounting policies (followed)

4.28 Comparative figures

The comparative figures reclassified to comply with current figures.

4.29 Fair value of financial instruments

The financial instruments is represented in the company's financial assets and liabilities and the financial assets include the account receivables, notes receivables and other debt balances and cash on hand and at bank also the financial liabilities include customers advanced payments, contractors, accounts and notes payable and other credit balances.

According to the basis of evaluation followed in evaluating the company's assets and liabilities which is present in the disclosure footnotes of the financial statements, the fair value of the separate financial instruments don't differ significantly from its book value at the date of the preparation of the financial statements.

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.

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4. Fixed assets

	Land EGP	Buildings and constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture and Fixtures EGP	Total EGP
31 December 2021	7 221 739	275 707 228 303 633	981 454 250	6 852 244	13 894 694	12 034 258 873 090 (108 473)	1 297 164 413 1 176 723 (108 473)
Cost at 1 January 2021	--	276 010 861	981 454 250	6 852 244	13 894 694	12 798 875	1 298 232 663
Additions during the year	--	172 990 129	592 505 732	6 843 928	7 166 528	11 453 749	790 960 066
Disposals during the year	--	13 000 240	47 977 428	2 772	922 500	258 016	62 160 956
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	--	--	--	--	--	--	--
Depreciation for the year	--	13 000 240	47 977 428	2 772	922 500	258 016	62 160 956
Accumulated elimination depreciation	--	--	--	--	--	(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 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 17).
- The machinery and equipment balance includes foreign exchange differences resulting from liabilities associated to the assets amounting to EGP 34 421 282 in addition to an amount of EGP 5 390 150 transferred from Projects Under Constructions

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

Cost of Sales (Note 23)	58 950 457
Selling and marketing expenses (Note 24)	160 547
General and administrative expenses (Note 25)	300 571
	59 411 575

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5. Fixed assets (Followed)	Land		Buildings and Constructions		Machinery and Equipment		Motor Vehicles		Tools		Furniture and Fixtures		Total	
	EGP		EGP		EGP		EGP		EGP		EGP		EGP	
31 December 2020														
Cost at 1 January 2020	7 221 739		275 135 947		983 196 857		6 960 144		8 470 993		11 772 893		1 292 758 573	
Additions during the year	--	985 760	--	--	--	--	--	--	5 423 701	--	261 365	--	6 670 826	--
Disposals during the year	--	(414 479)	--	(1 742 607)	--	(107 900)	--	--	--	--	--	--	(2 264 986)	--
Cost at 31 December 2020	7 221 739		275 707 228		981 454 250		6 852 244		13 894 694		12 034 258		1 297 164 413	
Accumulated depreciation at 1 January 2020														
Depreciation for the year	--	159 884 677	--	544 406 444	--	6 827 856	--	6 419 819	--	11 264 132	--	728 802 928	--	
Accumulated depreciation of Disposals	--	13 127 903	--	48 309 853	--	123 972	--	746 709	--	189 617	--	62 498 054	--	
Accumulated depreciation at 31 December 2020		(22 451)		(210 565)		(107 900)		--		--		(340 916)		
Net book value at 31 December 2020	7 221 739		102 717 099		388 948 518		8 316		6 728 166		580 509		506 204 347	

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

Cost of fully depreciated assets and still being used.	Buildings and Constructions		Machinery and Equipment		Motor Vehicles		Tools		Furniture and Fixtures		Total	
	EGP		EGP		EGP		EGP		EGP		EGP	
Cost of fully depreciated assets and still being used.	13 187 448		20 779 876		6 340 284		4 625 643		10 869 902		55 803 153	

- There is a commercial mortgage over fixed assets (machinery and equipment) amounting to EGP 732 525 606 as collateral against the long term loan (Note 17).
- The machinery and equipment balance includes foreign exchange differences resulting from liabilities associated to the assets amounting to EGP 34 421 282, in addition to an amount of EGP 5 390 150 transferred from Projects Under Constructions
- The depreciation expense charged this year has been allocated to the statement of Income Statement as follows: -

Cost of inventory	61 770 776
Selling and marketing expenses	227 317
General and administrative expenses	499 961
Total	62 498 054

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6. Intangible assets

	31 December 2021	31 December 2020
	EGP	EGP
SAP program	2 010 361	2 010 361
Additions during the year	2 347 216	--
Balance at 31 December 2021	<u>4 357 577</u>	<u>2 010 361</u>
(less):		
Accumulated amortization at 1 January 2021	(804 144)	(402 072)
amortization during the year	(1 662 620)	(402 072)
Accumulated amortization on 31 December 2021	<u>(2 466 764)</u>	<u>(804 144)</u>
Net book value on 31 December 2021	<u>1 890 813</u>	<u>1 206 217</u>

7. Investments in subsidiaries

	Percentage of Ownership	31 December 2021	31 December 2020
		EGP	EGP
Minya Portland Cement (S.A.E)	60.36%	1 066 863 275	1 066 863 275
ASECO for Ready Mix (S.A.E)	99.90%	90 441 047	90 441 047
		<u>1 157 304 322</u>	<u>1 157 304 322</u>

- The balance of the investment in subsidiaries amounts to EGP 1,157,304,322 includes an amount of EGP 9,325,000 commissions and fees related to the loan acquired by the company to finance the acquisition of Minya Portland Cement and ASECO for Ready Mix 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 ASECO FOR CEMENT (S.A.E) to purchase 44 872 676 common stock owned to Minya Portland cement (Asec Minya for Cement - previously) which represent 46.48% and it represents its full ownership for the company with a price of EGP 20.75 for each stock, to be total share 58 274 508 common stock which represent 60.36% and purchasing 208 998 shares owned in ASECO for ready concrete (S.A.E) which present 55% and that represents its full ownership in the company with a price of EGP 334.1 for each share in addition to all the commissions and transfer of ownership expenses the company's shares become 3 636 980 share which represent 99.90% . In addition to brokerage commissions, transfer of ownership and the transfer fees.

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

8. Financial investments at fair value through OCI

	Percentage of ownership	31 December 2021	31 December 2020
		EGP	EGP
The Egyptian African company for investment	3%	150 000	150 000
(Less):			
Expected credit loss		(149 999)	(149 999)
Deposals *		(1)	--
		<u>--</u>	<u>1</u>

- The Extraordinary General Assembly meeting of The Egyptian African Company for Investment and Development was held in May18th, 2016 and has decided to hold the company's activities that starts 3 years from 31 December 2016 till 31 December 2019 after the company's losses reached EGP 2.95 million as of 31 December 2015. Following to continued losses and not achieving profits, the Extraordinary General Assembly held on September 25, 2019 decision, place the company under liquidation.

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

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9. Investments in associates

	Percentage of ownership	31 December 2021	31 December 2020
		EGP	EGP
South of Upper Egypt Company for sacks Manufacturing	20%	800 000	800 000
		800 000	800 000

10. Inventory

	31 December 2021	31 December 2020
	EGP	EGP
Raw materials	13 115 083	15 637 851
Coal and diesel	7 997 643	22 513 893
Spare parts	28 286 200	28 041 041
Work in progress	195 272 769	293 672 936
Finished goods	21 766 575	14 048 444
	266 438 270	373 914 165

11. Accounts receivables and notes receivables

	31 December 2021	31 December 2020
	EGP	EGP
Accounts receivables (Individuals)	--	37 265
Accounts receivables (Companies)	--	143 685
Account Receivables (Export)	--	--
	--	180 950
(Less):		
Impairment in accounts receivables	--	(180 950)
	--	--

- Based on the decision of border of directors no.(1) dated at February 2 , 2021 it has been approved to bad debt the accounts receivables balance amount EGP 180 950.

12. Transactions with related parties

During the period, many financial transactions took place between the company and related parties, and the most important transaction balances were as follows:

A) Due from related parties

	31 December 2021	31 December 2020
	EGP	EGP
ASECO for Ready Mix	14 692 239	13 342 981
(Less):		
Expected credit loss	(172 718)	--
	14 519 521	13 342 981

B) Due to related parties

	31 December 2021	31 December 2020
	EGP	EGP
Minya Portland Cement	15 053 887	26 018 675
	15 053 887	26 018 675

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13. Debtors and other debit balances

	31 December 2021	31 December 2020
	EGP	EGP
(ASEC) Managing technical	3 247 102	11 523 909
Tax authority– addition tax	6 353 966	10 720 946
Tax authority–Real estate tax*	--	2 974 508
Customs duty	431 276	12 076 868
Deposits with others	13 512 935	13 953 185
Prepaid expenses	1 178 020	3 873 531
Cash cover letter of guarantee (Note No. 30)	3 294 000	5 718 533
Advance payments*	4 087 795	29 706 058
Employees borrowings	1 082 840	334 545
Other debit balances	4 310 491	3 445 949
Accrued revenue – dividends distribution	31 409	36 800
	37 529 834	94 364 832
(Less):		
Expected credit loss	(1 886 825)	(4 028 771)
	35 643 009	90 336 061

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

14. Cash on hand and at banks

	31 December 2021	31 December 2020
	EGP	EGP
Current accounts - Local currency	44 812 386	52 142 671
Current accounts - foreign currency	63 604	1 397 939
Time deposit - maturing during three months	1 356 500	1 654 535
Time deposits - maturing after three months	1 351 000	1 351 000
Cash on hand	2 532 727	1 747 294
	50 116 217	58 293 439

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15. 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 December 12, 2017 and authorized from GAFI on 25 December 2017 which decided to increase the capital with amount EGP 301 220 000 divided to 30 122 000 shares at EGP 10 per share, and the issuing capital became EGP 600 000 000 as registered in the commercial register on 31 January 2018 No. 4955
- based on the decision of the extraordinary general assembly held on 28 of March 2018 distribute free stocks about stock for five stocks holders from the retained earnings and the number of shares become 72 000 000 instead of 60 000 000 shares and the paid capital become 720 000 000 Egyptian pound instead of 600 000 000 Egyptian pound as registered in the commercial register on 29 May 2018 No. 23904 .

	No. of shares	Par Value EGP	Capital issuing EGP	Paid up capital EGP	Percentage %
NCB Capital Company (NBE)	15 341 386	10	153 413 860	153 413 860	21.31%
Egyptian Federation for Construction and Building Contractors	7 315 317	10	73 153 170	73 153 170	10.16%
Egyptian Company for investment projects	7 251 096	10	72 510 960	72 510 960	10.07%
Egyptian Kuwaiti investment company	7 114 206	10	71 142 060	71 142 060	9.88%
National Investment Bank	6 895 599	10	68 955 990	68 955 990	9.58%
Egypt Company for Life Insurance	6 748 839	10	67 488 390	67 488 390	9.37%
QNB for finance services	4 821 514	10	48 215 140	48 215 140	6.69%
Individuals and IPO	16 512 043	10	165 120 430	165 120 430	22.94%
	72 000 000		720 000 000	720 000 000	100%

16. Reserves

	Legal reserve EGP	General reserve EGP	Capital reserve EGP	Total EGP
Balance at beginning of year	185 908 682	10 216 995	3 400 995	199 526 661
Charged during the year	2 368 796	--	4 302 835	6 671 631
Balance as of 31/12/2021	188 277 478	10 216 984	7 703 830	206 198 292

17. 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 31 December 2021 became EGP 134 402 040.

	31 December 2021 EGP	31 December 2020 EGP
Long term loans	242 402 041	363 830 626
Current portion from long term loans	(121 428 585)	(121 428 585)
	120 973 456	242 402 041

There is a commercial pledge on the fixed assets (machinery and equipment) with amount EGP 732,525,606 as collateral for the long term loan (Note5).

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

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18. Deferred Tax Assets / (Liabilities)

	Assets		Liabilities	
	<u>31/12/2021</u>	<u>31/12/2020</u>	<u>31/12/2021</u>	<u>31/12/2020</u>
	EGP	EGP	EGP	EGP
Balance at the beginning of the year	15 387 081	14 593 236	69 774 402	73 656 341
Assets (liabilities) deferred tax movements	(448 640)	793 845	(5 771 656)	(3 881 939)
Balance at the ending of the year	14 938 441	15 387 081	64 002 746	69 774 402

19. Provisions

	Balance as of	Charged	Balance as of 31
	1 January 2021	during the	December 2021
	EGP	EGP	EGP
Tax provision	8 416 731	100 000	8 516 731
Provision for current claims and litigations according to legal opinion	21 269 174	--	21 269 174
Provision for claims	38 500 000	1 413 759	39 913 759
	68 185 905	1 513 759	69 699 664

20. Suppliers and Notes payable

	31 December 2021	31 December 2020
	EGP	EGP
Suppliers	105 275 346	144 513 629
Notes payables	--	84 246 016
	105 275 346	228 759 645

21. Facilities

The company has a facilities in 31 December 2021 amounted EGP 48 149 674 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	5 008 178	4 182 472
Value added tax on Cement	14 860 102	16 264 472
Production development fees	3 734 437	6 643 073
Retentions	16 111 264	15 894 922
Syndicate Stamps	6 385 852	6 082 013
Employees services association	461 636	275 708
Social insurance authority	966 080	1 005 072
Accrued debit interests	2 962 692	4 669 160
Contractors billings	--	5 976 755
Suppliers billings	--	1 318 517
Accrued for suppliers (Cement transportation)	7 153 470	16 915
Payables for purchase fixed assets	7 406 832	7 406 832
Credit – Dividends	1 043 137	1 013 625
Solidarity contribution of medical insurance accrual	3 164 024	2 951 156
Other credit balances	5 431 033	3 508 587
	74 688 737	77 209 279

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23. Cost of Sales

	31 December 2021	31 December 2020
	EGP	EGP
Depreciation	58 950 457	61 770 776
Governmental fees and Technical management fees	197 736 951	179 998 360
Packing materials	175 521 075	215 698 512
Electricity and power	530 966 588	490 424 547
Indirect cost	40 416 784	30 025 005
	1 003 591 945	977 917 200

24. Selling and marketing expenses

	31 December 2021	31 December 2020
	EGP	EGP
Salaries and wages	8 011 172	7 189 766
Depreciation	160 547	227 317
Stamps	171 801	306 122
Traveling and Transportation expenses	150 958	90 305
Others expenses	1 328 605	797 402
	9 823 083	8 610 912

25. General and administrative expenses

	31 December 2021	31 December 2020
	EGP	EGP
Depreciation	300 571	499 961
Salaries and wages	42 077 064	35 605 830
Donations	1 835 912	4 256 134
Insurance Expenses	3 465 135	3 950 226
Public relations and advertisement expenses	2 015 327	1 067 422
Other services expenses	1 516 668	1 585 790
Training, researches and consulting expenses	2 080 991	824 913
Medical and pension funds	2 850 866	2 394 562
Transportation and travelling expenses	471 931	242 000
Material and supplies	794 829	576 403
Rent and transportation allowances	783 150	582 787
Solidarity contribution of medical insurance	3 830 573	2 951 156
Other expenses	11 726 443	6 499 893
	73 749 460	61 037 077

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26. Other Revenues

	31 December 2021	31 December 2020
	EGP	EGP
Rent	41 159 864	59 056 144
Revenue from Transport, shipping and handling	5 987 134	--
Revenue from spare parts	16 128 506	29 289 869
Miscellaneous revenue	1 721 632	6 158 131
	64 997 136	94 504 144
(Less):		
Transport, shipping and handling cost	(41 074 126)	(59 056 144)
Cost from Related parties	(5 987 134)	--
Spare parties cost	(16 128 506)	(29 289 869)
	1 807 370	6 158 131

27. Earnings per share

	31 December 2021	31 December 2020
	EGP	EGP
Net profits for the year	93 810 764	47 375 911
Employees profit share	(8 907 972)	(4 070 428)
Board of directors' bonus	(6 217 175)	(1 863 385)
Remaining profits	78 685 617	41 442 098
Number of shares	72 000 000	72 000 000
Earnings per share	1.9	0.58

	31 December 2021	31 December 2020
	EGP	EGP
Expected average of number of shares:	72 000 000	72 000 000
72 000 000 × 12/12 =		
Expected average of number of shares issued during the year	--	--
	72 000 000	72 000 000

28. Adjustments on retained earnings

	31 December 2021	31 December 2020
	EGP	EGP
Accrued fees from Quarries during 2020	7 459 918	--
previous years expenses	1 236 449	--
	8 696 367	--

29. Comparative numbers

- Statement of financial position

	Dec 31,2020		Dec 31,2020
	After		before
	adjustments	Adjustments	adjustments
Suppliers and notes payable	228 759 645	(20 454 996)	249 214 641
Due to related parties	26 018 675	20 454 996	5 563 679

- Income statement

Cost of sales	977 917 200	5 296 361	972 620 839
Selling and marketing expenses	9 823 083	(5 296 361)	13 907 273

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30. Related party transaction

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

	Nature of the relation	Type	31 December 2021
Misr Insurance	Shareholder	Insurance installments	7 486 151
South of upper Egypt company (main supplier)	Associate company	Supplying bags	62 910 667
Misr Cement Beton (Previously ASECO for ready mix company)	Subsidiary company	Cement sales	23 696 643
Misr Cement Beton (Previously ASECO for ready mix company)	Subsidiary company	Debit balance	14 519 521
Misr Cement Beton (Previously ASECO for ready mix company)	Subsidiary company	Others income	2 714 823
Minya Portland Cement	Subsidiary company	Rent revenue	480 000
Minya Portland Cement	Subsidiary company	Cement Sales	41 415 397
Minya Portland Cement	Subsidiary company	Cement purchases	32 414 588
Minya Portland Cement	Subsidiary company	Others income	3 299 871
Minya Portland Cement	Subsidiary company	Other purchases	7 756 427

31. Tax Situation

a) Corporate taxes

An Introduction

The company was established according to the law No.159 for the year 1981 and the general authority for investment and free zones approved that the company is exempted for tax for cement only according to the law of assurance and incentive of investment No. 8 for the year 1997 and that starts from the next year of production (6 April 2002) and for ten years which starts from 1 January 2003 to 31 December 2012.

Financial year ended on 31 December 2013 considered the first year subjected to tax.

1. Years from beginning of the activity to 2004

All tax differences that are due 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 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.

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31. Tax Situation (Followed)

3. Years from 2008/2012

All tax differences that are due have been paid.

4. Years from 2013/2014

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

Years from 2015/2018

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

Year 2019/2020

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

b) Salary tax

1. Years from beginning of the activity to 2014

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

2. Years from 2015/2019

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

3. Year 2020

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

c) Value added tax (Sales Tax)

1. Years from beginning of the activity to 2007

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

2. Years from 2008/2010

The Tax authority inspected the company for that year and form (15 D A M) was issued with differences in sales tax amounting to EGP 1,147,876, and the company has objected on this form and the review was completed by Supreme Committee which reduced the amount to EGP 697,549 and this amounts was paid to avoid the penalties, the dispute was referred to the court, the case is being taken to court.

3. Years from 2011/2015

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

4. Years from 2016/2019

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

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32. Tax Situation (Followed)

c) Value added tax (Sales Tax)

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 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 we believe that the company should incur a provision amounting to 100 000 EGB

e) Property tax

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

32. Contingent liabilities

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

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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 letter issued from industrial development authority on July 28, 2021 for the determination of monthly production capacity in light of the decision of the Chairman of the Board of Directors of Egyptian competition authority No 56 for year 2021 decided to determine the monthly of production capacity to be 83,984 ton/month.
- Based on the decision of the Financial Regulatory Authority issued on May 9, 2021. It was allowed to postpone the effect of recognized the accounting Standard No. (47) financial instruments in the financial statements until the deadline of preparing the financial statements at the end of 2021, the company has to record the total accounting effective for the whole year starting from the beginning of January 2021 until December 31, 2021 the companies' have to adequate disclosure for that.

Managing Director

Tarek Tafaat Ahmed

Group Chief Financial

Ahmed Abdel Hamid Emam

Group Financial Manager

Moustafa Abdel Razek