



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

Consolidated Financial Statements for the Period ended
30 September 2020
With Limited Review Report

شركة مصر للأسمنت قنا ش.م.م.
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وارد رقم
تاريخ ١٥/١١/٢٠٢٠ مرفقات
فرع القاهرة

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Limited Review Report

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

Introduction

We have performed a limited review for the accompanying consolidated interim financial statements of Misr Cement (Qena) Company (S.A.E) which comprise the consolidated interim financial position as of September 30, 2020 and the related consolidated interim statements of income, other comprehensive income, change of shareholders' equity and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with the Egyptian Standard on Review Engagements 2410, "limited review of consolidated interim financial statements performed by the Independent Auditor of the entity". A limited review of consolidated interim financial statements consists of making inquiries, primarily of persons responsible for Financial and accounting matters in the company and applying analytical and other limited review procedures.

A limited review is substantially less in scope than an audit conducted in accordance with the Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these consolidated interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects the financial position of Mist Cement (Qena) Company (S.A.E) as at September 30, 2020 and of financial performance and its cash flows for the nine months then ended in accordance with the Egyptian accounting standards.

Emphasis of matter:

Important events:

Without considering this as a qualification, the impact of the recent outbreak (Covid-19) virus on the global economy and the markets continues and it's negative impact related to the developments of this event, which can be achieved in the future in several ways. The company has taken procedures to reduce the impact associated with the development of the event and to identify these effects see Note No (32) of the notes to the financial statements for the financial period ending 30 September 2020

Cairo, November 11, 2020



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

Misr Cement (Qena) Company (S.A.E)
Consolidated Financial statements of For The Period Ended 30 September 2020

Translation of financial statements
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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

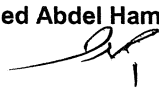
Assets	Notes	30/9/2020	31/12/2019
		EGP	EGP
Non-current Assets			
Fixed assets – Net	(5)	2 229 833 471	2 315 127 069
Projects under construction	(6)	80 338 445	95 272 374
Finance lease assets		–	2 191 786
Available for sale investments	(7)	1	1
Investments in associates	(8)	15 603 058	16 791 058
Goodwill		481 159 424	481 159 424
Intangible assets	(9)	238 342 021	244 017 171
Deferred tax assets	(18)	14 593 236	14 593 236
Total non-current assets		3 059 869 656	3 169 152 119
Current assets			
Inventory	(10)	668 045 965	581 278 881
Accounts receivable and notes receivable	(11)	41 900 005	38 939 825
Debtors and other debit balances	(12)	272 223 303	182 952 853
Cash on hand and at banks	(13)	129 572 019	183 007 465
Total current assets		1 111 741 292	986 179 024
Total assets		4 171 610 948	4 155 331 143
Equity			
Issued & paid up capital	(14)	720 000 000	720 000 000
Reserves	(15)	199 526 661	197 764 472
Retained earnings		401 462 989	394 117 673
Net profit for the Period/year		40 112 283	34 671 110
Total equity (company's shareholders)		1 361 101 933	1 346 553 255
Non- controlling shareholders interests	(16)	435 526 645	436 443 144
Total equity		1 796 628 578	1 782 996 399
Non-current liabilities			
Long term loans	(17)	557 536 390	665 670 891
Land operating lease accrued		33 133 491	31 301 270
Deferred tax liabilities	(18)	333 757 758	328 663 674
Total non-current liabilities		924 427 639	1 025 635 835
Current liabilities			
Provisions	(19)	64 983 103	65 057 703
Credit facilities	(20)	21 079 199	–
Current portion of long term loans	(17)	525 732 494	446 988 225
Suppliers and notes payable		579 477 869	455 436 276
Receivables – advance payments		56 978 555	104 681 514
Creditors and other credit balances	(21)	185 703 531	252 884 608
Accrued income tax	(25)	16 599 980	21 650 583
Total current liabilities		1 450 554 731	1 346 698 909
Total liabilities		2 374 982 370	2 372 334 744
Total equity and liabilities		4 171 610 948	4 155 331 143

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

Managing Director
Tarek Talaat Ahmed



Financial Manager
Ahmed Abdel Hamid Emam



Misr Cement (Qena) Company (S.A.E)
Consolidated Financial statements of For The Period Ended 30 September 2020

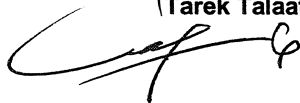
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CONSOLIDATED STATEMENT OF INCOME (Profit and Loss)

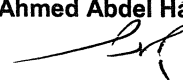
	Notes	30/9/2020 EGP	30/9/2019 EGP
Net Sales		1 843 707 697	2 263 965 965
(Less)			
Cost Sales	(22)	(1 577 629 338)	(1 910 416 768)
Gross Profit		266 078 359	353 549 197
Selling and marketing expenses	(23)	(14 840 446)	(25 595 000)
General and administrative expenses	(24)	(97 394 102)	(113 712 014)
Other Revenues	(25)	4 956 850	3 201 011
Provisions no longer required	(19)	--	1 003 569
Impairment reverse on accounts receivables		--	821 916
Other expenses		(589 990)	(879 490)
Total		(107 867 688)	(135 160 008)
Net operating Income		158 210 671	218 389 189
Add/(Less)			
Financial expenses		(108 055 824)	(174 949 845)
Capital Gain		5 125 621	1 841 078
Foreign currency exchange		(546 067)	(888 749)
Credit interest		6 435 628	13 642 301
Net profits for the period before Income Taxes		61 170 029	58 033 974
(Less)			
Income Tax	(26)	(16 880 079)	(14 129 160)
Deferred Tax		(5 094 085)	(14 162 608)
Net profits after income taxes and before non-controlling shareholders' profits		39 195 865	29 742 206
Distributed as follow:-			
Controlling shareholders' profits		40 112 283	33 286 608
Non-controlling interest (losses)		(916 418)	(3 544 402)
		39 195 865	29 742 206

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

Managing Director
Tarek Talaat Ahmed



Financial Manager
Ahmed Abdel Hamid Emam



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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

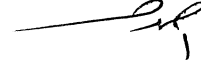
	<u>30/9/2020</u> EGP	<u>30/9/2019</u> EGP
Net profits for the period after Taxes	39 195 865	29 742 206
Add :		
Other Comprehensive income	--	--
Comprehensive income for the period	<u>39 195 865</u>	<u>29 742 206</u>
Distributed as follow :		
Controlling shareholders' profits	40 112 283	33 286 608
Non-controlling shareholders' (losses)	(916 418)	(3 544 402)
	<u>39 195 865</u>	<u>29 742 206</u>

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

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Misr Cement (Qena)Company (S.A.E)
Consolidated Financial statements of For The Period Ended 30 September 2020

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CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

Controlling shareholders interests

30 September 2019	Issued & Paid up Capital		Reserves		Retained earnings		Net Profit for the Period		Total		Non- controlling shareholders interest		Total Equity	
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as of 1 January 2019	720 000 000	193 731 991	350 953 429	98 692 080	1 363 377 500	458 417 287	1 821 794 787							
Adjustments	--	--	(1 461 382)	--	(1 461 382)	--	(1 461 382)							(1 461 382)
Transferred to Retained Earnings	--	--	98 692 080	(98 692 080)	--	--	--							--
Transferred to reserves	--	4 032 481	(4 032 481)	--	--	--	--							--
Dividends distribution	--	--	(50 798 830)	--	(50 798 830)	--	--							(54 555 025)
Total Comprehensive income for the period	--	--	33 286 608	33 286 608	33 286 608	(3 544 402)	29 742 206							
Balance as of 30 September 2019	720 000 000	197 764 472	393 352 816	33 286 608	1 344 403 896	451 116 690	1 795 520 586							
30 September 2020														
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	--	--	(25 563 605)	--	(25 563 605)	(81)	(25 563 686)							
Total Comprehensive income for the period	--	--	40 112 283	40 112 283	40 112 283	(916 418)	39 195 865							
Balance as of 30 September 2020	720 000 000	199 526 661	401 462 989	40 112 283	1 361 101 933	435 526 645	1 796 628 578							

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CONSOLIDATED STATEMENT OF CASH FLOWS

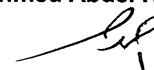
	Notes	<u>30/9/2020</u> EGP	<u>30/9/2019</u> EGP
Cash Flows From Operating Activities			
Net Profits before income taxes		61 170 029	58 033 974
Adjustments to reconcile net profit to cash flows			
Depreciation of fixed assets	(5)	108 309 660	105 542 053
Amortization of intangible assets	(9)	5 675 150	5 675 148
Foreign currency exchange		546 067	888 749
Capital gain		(5 125 621)	--
Impairment of debtors		--	(1 003 569)
Impairment of accounts receivables	(11)	--	(821 916)
Finance expenses		108 055 824	174 949 845
Credit interests		(6 435 628)	(13 642 301)
Operating profits before changes in current assets and current liabilities		272 195 481	329 621 983
Change in inventory	(10)	(86 767 084)	(30 777 820)
Change in accounts receivables and notes receivables	(11)	(2 960 180)	(17 831 656)
Change in land operating lease accrued		1 832 221	1 032 706
Long term – deferred capital gain		--	(1 841 078)
Change in debtors and other debit balances	(12)	(83 304 327)	(30 580 324)
Change in receivables – advance payments		(47 702 959)	(54 919 044)
Change in suppliers and notes payable		124 041 593	76 328 040
Change in creditors and other credit balances	(20)	(81 513 931)	(9 737 294)
Cash flows from operating activities		95 820 814	261 295 513
Change in Income taxes	(25)	(21 930 682)	(3 795 930)
Provisions used during the period	(19)	(74 600)	(2 364 200)
Paid debit interest		--	(182 421 972)
Net cash from operating activities		73 815 532	72 713 411
Cash flows from investing activities			
Payments for purchase fixed assets and projects	(5)	(8 458 228)	(21 999 230)
Proceeds from sale of fixed assets	(5)	1 615 940	27 289
Adjustments on fixed assets	(5)	--	936 654
Proceeds from investment		--	10 000 000
Proceeds income from investment		--	10 000
Dividends from Investments in associates		1 188 000	--
Credit interest collected		6 547 067	12 904 758
Change in current accounts blocked in banks	(13)	(50)	19 721 094
Change in Time deposits (maturing after three months)	(13)	(17 499)	(2 632 536)
Net cash from investing activities		875 230	18 968 029
Cash flows from financing activities			
Change in credit banks		21 079 199	11 068 570
Paid debit interests		(97 584 854)	--
Adjustments on retained earnings		--	(661 382)
Change in loans	(17)	(29 390 231)	(137 256 097)
Dividends distribution paid		(21 701 754)	(32 821 694)
Net cash flow financing activities		(127 597 640)	(159 670 603)
Net changes in cash and cash equivalents		(52 906 878)	(67 989 163)
Foreign currency exchange		(546 067)	(888 749)
Cash and cash equivalent – beginning of the period		181 656 465	215 359 850
Cash and cash equivalent – end of period		128 203 520	146 481 938
For the purpose of Cash flow preparing, Cash and cash equivalent including			
Cash on hand and at banks	(13)	129 572 019	170 750 292
Current accounts blocked in banks		--	(5 718 533)
Time deposits maturing after three months	(13)	(1 368 499)	(18 549 821)
		128 203 520	146 481 938

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

Managing Director
Tarek Talaat Ahmed



Financial Manager
Ahmed Abdel Hamid Emam



Notes to the Consolidated 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

- 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 financial statements of the Company for the year ended 30 September 2020 were authorized for issuance in accordance with a resolution of the board of directors in November 11, 2020.

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:

	30 September 2020	31 December 2018	1 November 2015
	%	%	%
ASECO FOR CONCRETE (S.A.E)	99.9	99.9	45
MINYA PORTLAND CEMENT (S.A.E)	60.36	60.36	13.88

1. About the Company (follow)

1.6. Approval of the financial statements (follow)

ASECO READY MIX (S.A.E)

- 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, and the fiscal year of the company begins from 1 January and ends at the end of December of each year.
- 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 208998 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%.

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 March 4,2019.
- The percentage of ownership for Misr Cement company (S.A.E) in PORTLAND EL Company (S.A.E) amounts to 13.88%.
- In 1 November 2015 Misr Cement Company (S.A.E) acquired 44872676 shares in ASEC EL Company (S.A.E) which represents 46.48% from the total shares for the company, resulted in a goodwill balance amounts to EGP
- Based on the decision of the extra-ordinary assembly meeting dated on Novmber22, 2018. The company name changed to Minya Portland Cement.

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

- 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 EL 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 periodically and any differences in the accounting estimates are recognized in the period in which these estimates are changed, and if these differences affect the period in which these changes are made and future periods, these differences are recorded in the period in which the adjustments are made and the future periods. The most significant estimates and assumptions the company uses are as follows:

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 periods.

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 periodic 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 periods presented in these financial statements.

4.1 Foreign currencies translation

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

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

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

4.2 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 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 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, Projects under construction are valued at cost less impairment.

4.4 Intangible assets

- Intangible assets are started at the historical cost and the historical cost deducts of accumulated amortization and accumulated impairment losses.

4.5 Finance Lease 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 available for sale

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments, are recognized in other comprehensive income and accumulated in the fair value reserve. When these assets are de-recognized, the accumulated gain or losses in equity is reclassified as profit or losses – if the company cannot estimate the fair value, it can be stated at cost less impairment.

4.8 Investments held to maturity

Investments held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the company's management has the positive intention and ability to hold to maturity.

After recognition, its measured at amortized cost using effective interest method less impairment. And recognized through profit or loss, impairment is recovered.

4.9 Inventory

The Inventory elements are valued as follows:

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

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

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

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

4.10 Revenue

A. Sales

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

- Sale of goods (Local)

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

- Sale of goods (Export)

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

B. Dividends distribution

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

C. Interest income

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

4.11 Impairment in value of Non-current assets

-Financial assets

A financial asset is considered to be impaired if evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value. Individually significant financial assets are tested for impairment on an individual basis, all impairment losses are recognized in income statement. Impairment losses are reversed in the income statement when there is evidence supporting reversing the impairment losses.

4. Significant accounting policies (follow)

4.11 Impairment in value of Non-current assets (follow)

-Non-financial assets

- The Company's non-financial assets, other than, Assets arising from construction contracts and inventories are reviewed to determine whether there is any indication of impairment, If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognized in the income statement. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less its selling costs. The previously recognized impairment losses for other assets are reviewed in the date of the financial statements. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

4.12 Provisions

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

4.13 Taxes

A. Income Tax

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

B. Deferred taxes

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

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

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

4.15 Related party transactions

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

4.16 Treasury shares

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

4. Significant accounting policies (follow)

4.17 Legal reserve

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

4.18 General reserve

The general reserve is formed from the company's profit in the previous 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.

4.19 Capital reserve

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

4.20 Borrowing

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

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance cost in the income statement.

4.21 Expenses

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

4.22 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period 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 period in which they are incurred. The borrowings costs are represented in interest and other finance costs that company pay to obtain the funds.

4.23 Pension plan for employees

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

4.24 The Contingents Liabilities and Commitments

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

4.25 Dividends

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

4.26 Cash Flow Statement

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

4.27 Cash and cash equivalent

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

4.28 Comparative Figures

The comparative figures were reclassified to comply with current figures.

4. Significant accounting policies (follow)

4.29 Earnings per share

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

4.30 Capital management

- The Board of Director's policy is to always maintain a strong capital base to maintain investor, creditors and market confidence and to sustain future development of the business.
- The board of directors aims to make a balance between the highest interest rates available with reasonable terms and conditions to maintain a healthy capital structure.

4.31 Fair value of financial instruments

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

4.32 Financial instruments and risk management related

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

A. Credit risk

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

B. Liquidity risk

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

C. Interest rate risk

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

D. Foreign currency risk

The foreign currency risk is the fluctuation of currency exchange rates since that affect the company's open receivables and payables balance in foreign currency also asset and liability evaluation in foreign currency. Also as it is indicated in note(4-1) the assets and liabilities in foreign currency are evaluated using the official rate in the date of preparing the financial statements.

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5. Fixed assets

	Land EGP	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture, Fixtures and computers EGP	Enhancements of Rental Places EGP	Total EGP
30 September 2020								
Cost as of 1 January 2020	7 543 974	1 019 271 216	2 311 432 830	105 974 059	8 470 993	30 144 178	1 604 342	3 484 441 592
Transferred from financial leased assets	--	--	3 630 000	1 649 500	--	--	--	5 279 500
Additions during the period	--	2 825 951	8 383 640	6 321 628	5 423 701	437 237	--	23 392 157
Disposals during the period	--	(414 479)	(1 742 607)	(1 350 602)	--	--	--	(3 507 688)
Cost as of 30 September 2020	7 543 974	1 021 682 688	2 321 703 863	112 594 585	13 894 694	30 581 415	1 604 342	3 509 605 561
Accumulated Depreciation as of 1 January 2020	--	259 768 057	820 732 045	55 657 643	6 419 819	25 375 096	1 361 863	1 169 314 523
Depreciation for the period	--	24 229 525	75 187 450	6 943 172	514 730	1 352 502	82 281	108 309 660
Accumulated Depreciation of financial leased assets	--	--	2 082 894	1 004 820	--	--	--	3 087 714
Depreciation of Disposals	--	(22 451)	(210 625)	(706 731)	--	--	--	(939 807)
Accumulated Depreciation as of 30 September 2020	--	283 975 131	897 791 764	62 898 904	6 934 549	26 727 598	1 444 144	1 279 772 090
Net book value as of 30 September , 2020	7 543 974	737 707 557	1 423 912 099	49 695 681	6 960 145	3 853 817	160 198	2 229 833 471

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

	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture, Fixtures and computers EGP	Enhancements of Rental Places EGP	Total EGP
Depreciated asset that still used	13 187 448	20 779 876	6 340 284	4 625 643	10 869 902	--	55 803 154

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)

	Land		Buildings and Constructions		Machinery and Equipment		Motor Vehicles		Tools		Furniture, Fixtures and computers		Enhancements of Rental Places		Total	
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
31 December 2019																
Cost as of 1 January 2019	7 543 974	1 018 985 015	2 306 908 816	94 094 618	8 470 993	29 640 498	1 604 342	3 467 248 256								
Adjustments	--	--	(936 654)	--	--	--	--	(936 654)								
Additions according to lease contracts standard*	--	--	--	7 589 299	--	--	--	7 589 299								7 589 299
Additions during the year	--	286 201	5 460 668	4 797 389	--	511 158	--	11 055 416								11 055 416
Disposals during the year	--	--	--	(507 247)	--	(7 478)	--	(514 725)								(514 725)
Cost as of 31 December 2019	7 543 974	1 019 271 216	2 311 432 830	105 974 059	8 470 993	30 144 178	1 604 342	3 484 441 592								
Accumulated depreciation as of 1 January 2019	--	227 493 240	722 002 827	44 249 571	5 962 616	23 188 746	1 129 952	1 024 026 952								
Depreciation of Additions according to lease contracts standard*	--	--	--	3 039 426	--	--	--	3 039 426								3 039 426
Depreciation for the year	--	32 274 817	98 729 218	8 653 286	457 203	2 190 259	231 911	142 536 694								142 536 694
Accumulated depreciation of Disposals	--	--	--	(284 640)	--	(3 909)	--	(288 549)								(288 549)
Accumulated depreciation as of 31 December 2019	--	259 768 057	820 732 045	55 657 643	6 419 819	25 375 096	1 361 863	1 169 314 523								
Net book value as of 31 December 2019	7 543 974	759 503 159	1 490 700 785	50 316 416	2 051 174	4 769 082	242 479	2 315 127 069								

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

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

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6. Projects under construction

	30/9/2020	31/12/2019
	EGP	EGP
Buildings and constructions	73 343 194	91 240 292
Machinery and equipment	2 090 643	--
Advanced payments	1 857 456	3 006 412
Information Systems	3 047 152	1 025 670
	80 338 445	95 272 374

7. Investment available for sale

	Percentage of ownership	30/9/2020	31/12/2019
		EGP	EGP
The Egyptian African company for investment	3%	150 000	150 000
Impairment in available for sale investments		(149 999)	(149 999)
		1	1

- The Extraordinary General Assembly meeting of The Egyptian African Company for Investment and Development was held in May 18th, 2016 and has decided to hold the company's activities till 30 September 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.

8. Investments in associates

	Percentage of ownership	Balance as of 30 September 2020	Balance as of 31 December 2019
		EGP	EGP
South of Upper Egypt Company of sacks manufacturing	20%	15 603 058	16 791 058
		15 603 058	16 791 058

9. Intangible assets

	30/9/2020	31/12/2019
	EGP	EGP
Cost		
Beginning Balance	277 680 376	277 680 376
Additions during the period / year	--	--
Ending Balance period / year	277 680 376	277 680 376
Accumulated amortization		
Beginning Balance period / year	(33 663 205)	(26 096 339)
Amortization during the period / year	(5 675 150)	(7 566 866)
Ending Balance period / year	(39 338 355)	(33 663 205)
Net book value as of 30 September 2020	238 342 021	244 017 171

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

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10. Inventory

	<u>30/9/2020</u>	<u>31/12/2019</u>
	EGP	EGP
Raw materials	35 344 184	37 336 520
Gasoline, Mazot & coal	90 141 081	147 636 977
Packaging	9 898 317	13 951 370
Spare parts	81 186 733	87 035 985
Work in progress	399 881 628	262 896 656
Finished goods	22 481 588	32 421 373
inventory to others	29 112 434	-
	<u>668 045 965</u>	<u>581 278 881</u>

11. Accounts receivable and notes receivable

	<u>30/9/2020</u>	<u>31/12/2019</u>
	EGP	EGP
Accounts receivable	43 400 955.	40 440 775
Notes receivable	-	-
	<u>43 400 955</u>	<u>40 440 775</u>
(Less) :		
Impairment in value of accounts receivable & notes receivable	(1 500 950)	(1 500 950)
	<u>41 900 005</u>	<u>38 939 825</u>

12. Debtors and other debit balances

	<u>30/9/2020</u>	<u>31/12/2019</u>
	EGP	EGP
Advances to suppliers	37 262 496	63 543 805
(ASEC) Managing technical	15 931 927	12 913 759
Tax authority- value added (sales)taxes	23 372 426	26 178 566
Tax authority-Real estate tax	2 974 508	2 974 508
Tax authority- withholding taxes	14 261 170	12 167 486
Deposits with others	38 534 632	29 919 904
Prepaid expenses	13 094 182	8 939 527
Cover of letter of guarantee	5 718 583	5 718 533
Letter of credit	2 908 661	4 804 906
Accrued interest on time deposits	-	111 439
Other debit balances	122 193 489	19 709 191
	<u>276 252 074</u>	<u>186 981 624</u>
(Less):		
Impairment in Debtors and other debit balances	(4 028 771)	(4 028 771)
	<u>272 223 303</u>	<u>182 952 853</u>

*The advance payment Included an amount 108 747 431 EGP to purchase coal from Ostool land transportation CO.

13. Cash on hand and at banks

	<u>30/9/2020</u>	<u>31/12/2019</u>
	EGP	EGP
Cash on hand	3 113 116	2 498 177
Current accounts in banks	122 605 599	173 776 293
Time deposit (maturing three months)	2 484 805	3 860 114
Time deposits (maturing after three months)	1 368 499	1 351 000
Accepted payment checks	-	256 574
Checks under collection	-	1 265 307
	<u>129 572 019</u>	<u>183 007 465</u>

14. 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, and specific this increasing to the old shareholders with the guarantee to the all shareholders the right of trading and exchange, Except the original shares. And procurement the increase in the united national bank Through two stages, the first stage start on November 12, 2017 and ended on 13 December 2017 with 28 742 604 shares and the second stage that started on 20 December 2017 till 24 December 2017 about 1 379 396 to be total share increase 30 122 000 with amount 301 220 000, and the issuing capital 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.

	Percentage (%) Of Participation	No. of shares	Paid up capital EGP
NCB Capital Company (NBE)	% 21.31	15 341 386	153 413 860
Misr Insurance Company	% 4.86	3 366 743	33 667 360
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
Other shareholders	% 24.95	17 966 821	179 668 210
	% 100	72 000 000	720 000 000

15. Reserves

	Legal reserve EGP	General reserve EGP	Capital reserve EGP	Total EGP
Balance as of 1/1/2020	184 146 493	10 216 984	3 400 995	197 764 472
Reserves during the period	1 762 189	--	--	1 762 189
Balance as of 30/9/2020	185 908 682	10 216 984	3 400 995	199 526 661

16. Non-Controlling shareholders interests

First: Change in non-controlling shareholders

	<u>30/9/2020</u> EGP	<u>31/12/2019</u> EGP
Beginning Balance for the period / year	436 443 144	458 417 287
Non-controlling share in net profit for the period / year	(916 418)	(18 217 948)
Non-controlling share in dividends distribution	(81)	(3 756 195)
The Ending balance for the period/year	435 526 645	436 443 144

16. Non-Controlling shareholders interests (follow)

Second: non-controlling shareholders' balance in subsidiaries

Non-controlling shareholders' balance in subsidiaries

	Percentag e of ownership %	<u>30/9/2020</u> EGP	<u>31/12/2019</u> EGP
Minya Portland Cement shareholders			
Safari limited for investments	30.72	337 538 709	338 249 008
Industrial Fund for Developing countries	4.64	50 970 969	51 078 230
FLSmith	4.27	46 959 332	47 058 151
National Company for development and trading	--	56 920	57 040
Others	--	341	342
ASECO for Concrete shareholders			
Others	0.01	372	373
		<u>435 526 644</u>	<u>436 443 144</u>

17. Long term loan

	<u>30/9/2020</u> EGP	<u>31/12/2019</u> EGP
The balance accrual		
Misr Cement(Qena) company	424 544 913	485 259 211
Minya Portland Cement company	658 723 971	627 399 905
	<u>1 083 268 884</u>	<u>1 112 659 116</u>
The Current portion		
Misr Cement(Qena) company	(121 428 585)	(121 428 586)
Minya Portland Cement company	(404 303 909)	(325 559 639)
Total of the current portion	<u>(525 732 494)</u>	<u>(446 988 225)</u>
Total long term loans	<u>557 536 390</u>	<u>665 670 891</u>

- The company has acquired a long term loan in November 16th, 2015 amounting 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 percent of 33.3% each on condition that 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 September 12, 2013 Minya Portland Cement Company performed an amendment on the loan contract by increasing the loan amount from 1 102 million pounds 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 LE 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 and Note 10).

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18. Deferred Tax Assets / (Liabilities)

	Assets		Liabilities	
	30/9/2020	31/12/2019	30/9/2020	31/12/2019
	EGP	EGP	EGP	EGP
Beginning balance for the period/year	14 593 236	38 291 991	328 663 674	317 003 332
Assets and (liabilities) movements	--	(23 698 755)	5 094 084	11 660 342
Ending balance for the period/year	14 593 236	14 593 236	333 757 758	328 663 674

19. Provisions

	Balance as of 1/1/2020	Charged during the period	(Used)	Provision no longer required	Balance as of 30/9/2020
	EGP	EGP	EGP	EGP	EGP
Tax provision	4 888 529	--	--	--	4 888 529
Provision for other claims and litigations	21 269 174	--	--	--	21 269 174
Provision for claims	38 900 000	--	(74 600)	--	38 825 400
	65 057 703	--	(74 600)	--	64 983 103

20. Credit Facilities

The balance of the debit current account on September 30, 2020 of Qena Cement Company, has a facilities amounted EGP 21 079 199 from the National Bank of Egypt to finance the purchase of raw materials and production tools within limited amount to EGP 100 000 000.

21. Creditors and other credit balances

	30/9/2020	31/12/2019
	EGP	EGP
Tax authority	19 161 697	10 731 742
Retention	15 882 542	31 936 885
Liabilities from Finance lease contracts	2 110 302	6 328 813
Syndicate Stamps	6 313 204	6 042 073
Employees services association	276 699	450 192
Social insurance authority	2 150 782	1 156 923
Tax authority- sales taxes	21 810 858	57 065 678
Production development fees	3 467 631	7 007 452
Accrued debit interests	18 963 006	8 492 036
Accrued expenses	55 657 615	96 455 823
Creditors - Dividends	7 348 085	3 486 153
Other	32 561 110	23 730 838
	185 703 531	252 884 608

22. Cost of goods sold

	30/9/2020	30/9/2019
	EGP	EGP
Depreciation and amortization	105 520 009	105 723 914
Governmental fees	106 462 593	122 161 027
Technical management contract fees- labor supply – maintenance	261 292 184	245 899 584
Electricity and power	840 721 496	1 002 146 605
Raw materials and packaging materials	283 360 063	317 217 425
Rent	6 455 874	16 655 028
Change in inventory	(127 014 729)	(13 255 067)
Indirect costs	100 831 848	104 131 642
	1 577 629 338	1 910 416 768

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23. Selling and marketing expenses

	<u>30/9/2020</u> EGP	<u>30/9/2019</u> EGP
Depreciation	528 743	644 070
Salaries and wages	9 519 671	8 753 561
Others*	4 792 032	16 197 369
	<u>14 840 446</u>	<u>25 595 000</u>

* Other expenses for comparative figures include customer incentive, that the title of the name was changed to discount permitted based on the recommendation of the sales policy committee dated on February 27th, 2020 for Misr Cement (Qena), in addition to the discount permitted balance has been reclassified to deduct from sales on January 1st, 2020. The total amount of the discount permitted on September 30, 2020 amounted to EGP 7 717 282 "Comparable year September 30, 2019 the total amount of discount permitted amounted to EGP 10 959 929 recorded with marketing and selling expenses.

24. General and administrative expenses

	<u>30/9/2020</u> EGP	<u>30/9/2019</u> EGP
Depreciation And Amortization	2 584 647	2 911 508
Salaries and wages	51 097 788	58 019 467
Donations	4 621 380	5 050 243
Insurance expenses	3 610 338	3 468 362
Others	35 479 953	44 262 434
	<u>97 394 106</u>	<u>113 712 014</u>

25. Other Revenues

	<u>30/9/2020</u> EGP	<u>30/9/2019</u> EGP
Fixtures remaining	68 535	31 460
Rents	1 808 807	637 793
Revenue from transport ,shipping and handling	100 685 178	192 014 685
Revenue from spare parts	10 559 117	4 880 057
Others	3 079 508	2 531 758
	<u>116 201 145</u>	<u>200 095 753</u>
Transport shipping and handling expenses	(100 685 178)	(192 014 685)
Spare Parts Cost	(10 559 117)	(4 880 057)
	<u>4 956 850</u>	<u>3 201 011</u>

26. Accrued Income tax

	<u>30/9/2020</u> EGP	<u>31/12/2019</u> EGP
Beginning balance	21 650 583	3 594 218
accrued income tax for the period / year	16 880 079	21 998 466
Payments to tax authority	(21 930 682)	(3 942 101)
	<u>16 599 980</u>	<u>21 650 583</u>

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27. Related party transactions

The transactions with related parties for the period from 1 January 2020 till 30 September 2020 for the transactions 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 have been that recognized in the assets as inventory and fixed assets have been Disposed.

	Sales / service revenue	Purchases / cost of services
Minya Portland Cement	53 118 900	63 614 522
ASECO for ready mix company	14 285 107	-
	67 404 007	63 614 522

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

Company	Nature of the relation	Type	30/9/2020 EGP
Misr Insurance	Shareholder	Insurance installments	5 144 197
South of upper Egypt company (main supplier)	Associate	Sacks supplying	53 193 160

28. Capital Commitments

	Currency	Contract amount	Balance as of 30/9/2020
Minya Portland Cement	EGP	29 697 953	17 673 158
Minya Portland Cement	EUR	285 000	3 656 675
Total			12 329 833

29. 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
Misr Cement(Qena) Company	6 933 883	Fully covered
Minya Portland Cement	7 492 384	Non-fully covered
	14 426 267	

30. Comparative Figures

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

Financial Position Statement

	31 December 2019 after update	Adjustments	31 December 2019 before update
Other Assets	–	(14 334 614)	14 334 614
Debtors and other debit balances	182 952 853	20 053 146	162 899 707
Cash and cash equivalent	183 007 465	(5 718 533)	188 725 998

Income Statement

	30 September 2019 after update	Adjustments	30 September 2019 before update
Net Sales	2 263 965 965	(97 830 687)	2 361 796 652
Cost of Sales	1 910 416 768	88 094 077	(1 998 510 845)
Selling and marketing expenses	25 595 000	9 736 610	(35 331 610)

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 and the tax situation of the company is as follows:

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's financial statements were 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 for that period are paid.

4. Years from 2013/2014

The Tax authority inspected the company's documents for those years and a claim was sent with a difference amounted to 4 020 232 EGP , 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.

31. Tax Situation (follow)

5. Years from 2015/2018

- The company presented the annual tax position at its legal dates.
- The company wasn't examined till the date of the financial position.

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 those years

2. Years from 2015/2018

- The company withholds the tax from the employees and export it to the tax authority at the legal dates
- The company currently preparing to examine for this years.

c) Value added tax (Sales Tax)(follow)

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 period 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 , 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.

4. Years from 2016/2018

- The company provided the tax returns on their legal date and the tax activity didn't inspect the company's files and documents till due to date.
- The general sales tax has been replaced by value-added tax, with the issuance of Law No. 76 of 2016, to be effective as of the next day of its promulgation on 7/9/2016.
- Implementation is underway to check the company for those years.

d) Development of the country's financial resources fees

1. Years from 5 May 2008 to 2018

- The company paid the tax till due to date

2. The period from 2019 until 30 September 2020

- The company paid the development fees according to the law no. 73 for the year 2010.
- The tax office did not review the company's books for that period.

31. Tax Situation (follow)

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 2020 by EGP 6 334 320 and delay fee, The company will pay the accrued tax and A lawsuit was filed to hear the dispute before the competent court.
- an 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 2020 amount to EGP 35 820 and delay fee.

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 the company paid total of accrued tax of EGP 415 673 till 31 December 2020 disagreement in return for delay, the company pays the tax due on it, and the forms have been appealed to consider the dispute before the appeal committee.

- The real estate tax authority filed from 3 (real estate tax) on the elevating water station for EL-Kalabya canal for EGP 1 155 by total amount EGP 8 663 till 31 December 2020 and the company paid that claim.

The Tax situation for Minya Portland Cement

A. Corporate tax

The company submitted the tax return for the year ended 31 December 2019 in the legally determined date. The company's accounts weren't inspected till that date.

Years from 2010 till 2012

- Form "19" was submitted to the company containing an estimated declaration and that declaration was objected in the legal dates and wasn't sent to the internal committee till that date.

Years from 2013 till 2016

- The company wasn't examined from 2013 to 2016 .

Years from 2017 till 2019

- Tax examination has not yet been completed

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.

b) Sales tax

According to the decision of the 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 due.

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.

31. Tax Situation (follow)

Years from 2014 to 2015

The company was inspected and the tax due was settled.

Years from 2016 to 2017

- On September 5th, 2016 there is a presidential decree for issuance of law number 67 for the year 2016 "Value added tax" published in the official newspaper on September 7, 2016 to apply from the next day of publication.
- On August 13, 2018, the company submitted a request to tax authority for inspect the years 2016 and 2017.

d) Withholding tax

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.

e) Stamp tax

- Regarding to stamp duty, the company was inspected till December 31, 2015 and the tax due was settled.
- Regarding to development duty, the company was inspected till December 31, 2016 and the tax due was settled.

f) Real estate tax

- The Company paid the due tax for the period from July 2013 to 2018.
- Payment of EGP 200 000 has been made under Account of real estate tax for the year 2019.

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 2013 until 2018 .
- The tax return for the financial year ended 31 DEC 2018 and the accrued tax was paid. The company's tax return is being submitted for the year ending December 31, 2019.

B. Salaries tax

- The company deducts the salaries tax and pays it to the tax authority and the tax inspection wasn't made till that date.
- Received Form for years 2009/2010 declaration amounted EGP 1 779 969 on 27 March 2018 and the company was objected on 28 March 2018.
- The company inspected for years 2011 till 2014 and form was submitted on 27 March 2018 containing an declaration amounted EGP 13 639 900 and that declaration was objected in the legal dates on 28 March, the company is forming a committee for re-inspecting the company's files and documents for these years.
- Still inspecting year 2015 / 2017

C. The value added tax (previously the sales tax)

- 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 company's inspection ended till year 2016 and no balance accrued.

D. Stamp tax

The company wasn't inspected till to date.

32. Important Events

The second half of March 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 its spread, The company has formed a risk committee to manage the crisis and the objectives of this period 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 period. And there is not effect on the company's current economic situation (its 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.

Decision of the Ministry of Local Development No.181 of 2020 to stop issuing permits to establish, expand or modify construction works with suspension of the implementation until construction and garages are provided Nursery in the governorates from Greater Cairo, Alexandria, provincial capitals and large cities, from May 2020 24 hours a day for a period of six months

33. New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) but not adopted

On March 18, 2019, the Minister of Investment and International Cooperation introduced amendments to some provisions of the Egyptian Accounting Standards issued Minister of investments thereby by virtue of Decree No. 110 of 2015, which include some new accounting standards as well as introducing amendments to certain existing standards. The most prominent amendments are as follows:

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
1- The new Egyptian Accounting Standard No. (47) "Financial Instruments"	<p>1- The new Egyptian Accounting Standard No. (47), "Financial Instruments", supersede the corresponding related issues included in the Egyptian Accounting Standard No. (26), "Financial Instruments: Recognition and Measurement". Accordingly, Egyptian Accounting Standard No. (26) was amended and reissued after cancelling the paragraphs pertaining to the issues addressed in the new Standard No. (47) and the scope of the amended Standard No. (26) was specified and intended to deal only with limited cases of Hedge Accounting according to the choice of the enterprise.</p> <p>2- Pursuant to the requirements of the Standard, financial assets are classified based on their subsequent measurement whether at amortized cost, or fair value through other comprehensive income or at fair value through profit or loss, in accordance with the enterprise business model for managing financial assets and the contractual cash flow characteristics of the financial asset.</p> <p>3- When measuring the impairment of financial assets the Incurred Loss Model is replaced by the Expected Credit Loss (ECL) Models, which requires measuring the impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from their initial recognition date regardless whether there is any indication of the occurrence of loss event.</p> <p>4- based on the requirements of this standard the following standards were amended :</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019. - Egyptian Accounting Standard No. (4) "Statement of Cash Flows". - Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation. - Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement". - Egyptian Accounting Standard No. (40) - "Financial Instruments: Disclosures". 	The Management has studied the impact of this standard and reached a conclusion that the impact will be immaterial.	<p>This standard (47) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards in 2019 Nos. (1), (25), (26) and (40) are to be simultaneously applied.</p> <p style="text-align: center;">-These ammendments are effective as of the date of implementing Standard No. (47)</p>

33. New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) but not adopted(Continued)

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
<p>The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"</p>	<ol style="list-style-type: none"> 1- The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersede the following standards and accordingly such standards shall not be applied: <ol style="list-style-type: none"> A. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. B. Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015. 2- For revenue recognition, Control Model is used instead of Risk and Rewards Model. 3- incremental costs of obtaining a contract with a customer are recognized as an asset if the enterprise expects to recover those costs and the costs of fulfilling the contract are to be recognized as an asset when certain conditions are met 4- the standard requires that contract must have a commercial substance in order for revenue to be recognized 5- Expanding in the presentation and disclosure requirements. 	<p>The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.</p>	<p>Standard No(48) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted</p>
<p>The new Egyptian Accounting Standard No. (49) "Lease Contracts".</p>	<ol style="list-style-type: none"> 1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersede and revoke Standard No. (20), "Accounting Rules and Standards related to Financial Leasing" issued in 2015 2- The Standard introduces a single accounting model for the lessor and the lessee where the lessee recognizes the usufruct of the leased asset as part of the company's assets and recognizes a liability that represents the present value of the unpaid lease payments under the company's liabilities, taking into account that the lease contracts are not classified in respect of the lessee as operating or finance lease contracts. 3- As for the lessor, the company shall classify each lease contract, either as an operating lease or a finance lease contract. 4- As for the finance lease, the lessor must recognize the assets held under a finance lease contract in the Statement of Financial Position and present them as amounts receivable with an amount equivalent to the amount of the net investment in the lease contract. 5- As for operating leases, the lessor must recognize the lease payments of operating lease contracts as income either based on the straight-line method or based on any other regular basis. 	<p>No. 49 with respect to the financial leasing contracts that were subject to the Financial Leasing Law No. 95 of 1995 and its amendments, as well as the financial leasing contracts that arise under and subject to the Financial Leasing Activities and Factoring Act No. 176 of 2018 .</p>	<p>This standard No. (49) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted if Egyptian Accounting Standard No. (48) "Revenue from Contracts. Except for the above-mentioned date of enforcement, Standard No. (49) 2019 applies to lease contracts that were subject to Finance Lease Law No. 95 of 1995 and its amendments and were treated according to Egyptian Accounting Standard No. (20), "Accounting rules and standards related to financial leasing" as well as the finance lease contracts that arise under and are subjected to Law No. 176 of 2018 to the effect of regulating both financial leasing and factoring activities starting from the beginning of the annual reporting period in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.</p>

32. New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) but not adopted(Continued)

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (38) as ammended "Employees Benefits".	Number of paragraphs were introduced and amended in order to amend the Accounting Rules of Settlements and Curtailments of Employees Benefit Plans.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This standard No. (38) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted.
Egyptian Accounting Standard No. (42) as amended "	Except for the ivestee entity that must be consolidated , some special paragraphs were introduced, thus, based on the requirements of this standard the following standards were amended:- - EAS NO. (15) "Related Party Disclosures" - EAS NO. (17) "Separate Financial Statements" - EAS NO. (18) "Investments in Associates" - EAS NO. (24) "Income taxes" - EAS NO. (29) "Business Combinations" - EAS NO. (30) "Periodical Financial Statements" - EAS NO. (44) "Disclosure of interest in other entities"	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements	This standard (42) applies to financial periods beginning on or after January 1st, 2020, and the early implementation thereof is permitted; provided that the amended Egyptian Accounting Standards in 2019 are to be simultaneously applied.
The Explanation No (1) shall apply to financial periods beginning on or after January 1st, 2019	- this expalnation provides an accounting guidances from the operators to re-arrange the general service from the public sector to the private sector as to build, implement, maintenance the infrasturcture like roads, bridges, hospitals, air ports, power supply, communication networks , undergrounds and water distribution facilities. And this explanation allows to keep implementing the previous treatment of existing public service concession exercises that existed before the 1 st of January 2019 establishment that recognized and measured the assets of these arrangements as fixed assets in accordance with EAS NO. (10) "fixed assets and its depreciation"	The Management is currently assessing the potential impact of implementing the explanation on the financial statements	This Explanation is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
Egyptian Accounting Standard No. (22) as ammended "Earnings per Share".	The scope of implementaion of the Standard was amended to be applied to the separate, or consolidated financial statements issued to all enterprises.		This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.

32. New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) but not adopted (Continued)

New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (34) "real estate investment".	- subsequent measurement whether at amortized cost, or fair value are no longer usable but the real cost, only the Real estate investment fund should apply the fair value on subsequent measurement of all real estate assets. Thus, based on the requirements of this standard the following standards were amended:- - EAS NO. (32) "Non-current Assets Held for Sale" - EAS NO. (31) "Impairment of Assets"		This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.
New or Amended Standards	A Summary of the Most Significant Amendments	The Possible Impact on the Financial Statements	Date of Implementation
Egyptian Accounting Standard No. (4) as ammended "Statemnet of Cash Flows".	This standard requires the entity to provide disclosures that enable users of the financial statements to assess changes in liabilities arising from finance activities, including both changes arising from cash flows or non-cash flows.	The company has applied the standard to the financial statements for the financial year ended December 31, 2019, (see note 17-5).	This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.

Managing Director
Tarek Talaat Ahmed



Financial Manager
Ahmed Abdel Hamid Emam

