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

Consolidated Interim Financial Statements
for the Period ended 31 March 2020
And Auditor's Limited Review Report

Contents

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Translation of Audit's report
Originally issued in Arabic

Limited Review Report

To: The Shareholders 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 March 31, 2020 and the related consolidated interim statements of income,other comprehensive income, change of shareholders' equity and cash flows for the three 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 Misr Cement (Qena) Company (S.A.E) as at March 31, 2020 and of financial performance and its cash flows for the three months then ended in accordance with the Egyptian accounting standards.

Emphasis of matter:

Subsequent events following the financial period that do not require an amendment to the financial statements:

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 (31) of the notes to the financial statements for the financial period ending 31 March 2020

Cairo, 9 June, 2020

Auditor

Gomaa Farag
Financial Regulatory Authority
Register Number (345)
Moore Egypt

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

Consolidated Interim Financial statements of For The Period Ended 31 March 2020

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CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

Assets	Note	31/3/2020 EGP	31/12/2019 EGP
Non-current Assets			
Fixed assets	(5)	2 294 545 566	2 315 127 069
Projects under construction	(6)	78 598 552	95 272 374
Finance lease assets		2 104 295	2 191 786
Available for sale investments	(7)	1	1
Investments in associates	(8)	15 471 058	16 791 058
Goodwill		481 159 424	481 159 424
Intangible assets	(9)	242 125 453	244 017 171
Deferred tax assets	(18)	14 593 236	14 593 236
Total non-current assets		**3 128 597 585**	**3 169 152 119**
Current assets			
Inventory	(10)	503 554 608	581 278 881
Accounts receivable and notes receivable	(11)	42 558 073	38 939 825
Debtors and other debit balances	(12)	319 488 598	177 234 320
Cash on hand and at banks	(13)	302 003 369	188 725 998
Total current assets		**1 167 604 648**	**986 179 024**
Total assets		**4 296 202 233**	**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		401 860 882	394 117 673
Net profit for the period / year		37 886 495	34 671 110
Total equity (company's shareholders)		**1 359 274 038**	**1 346 553 255**
Non- controlling shareholders interests	(16)	445 154 253	436 443 144
Total equity		**1 804 428 291**	**1 782 996 399**
Non-current liabilities			
Long term loans	(17)	665 792 688	665 670 891
Land operating lease accrued		31 912 010	31 301 270
Deferred tax liabilities	(18)	330 128 585	328 663 674
Total non-current liabilities		**1 027 833 283**	**1 025 635 835**
Current liabilities			
Provisions	(19)	65 057 703	65 057 703
Current portion of long term loans	(17)	465 589 117	446 988 225
Suppliers and notes payable		525 928 587	455 436 276
Receivables – advance payments		74 445 149	104 681 514
Creditors and other credit balances	(20)	300 359 607	252 884 608
Accrued income tax	(25)	32 560 496	21 650 583
Total current liabilities		**1 463 940 659**	**1 346 698 909**
Total liabilities		**2 491 773 942**	**2 372 334 744**
Total equity and liabilities		**4 296 202 233**	**4 155 331 143**

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

Managing Director

Tarek Talaat Ahmed

Financial Manager

Ahmed Emam

Ahmed Abdel Hamid Emam

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CONSOLIDATED INTERIM STATEMENT OF INCOME

	Notes	31/3/2020 EGP	31/3/2019 EGP
Net Sales		815 688 454	795 093 566
(Less)			
Cost of goods sold	(21)	(683 963 220)	(677 437 583)
Gross Profit		**131 725 234**	**117 655 983**
Selling and marketing expenses	(22)	(4 603 872)	(8 914 254)
General and administrative expenses	(23)	(30 135 805)	(32 997 236)
Other Revenues	(24)	1 476 435	920 377
Provisions no longer required	(19)	--	1 003 569
Other expenses		(196 663)	(486 163)
Total		**(33 459 905)**	**(40 473 707)**
Net operating Income		**98 265 329**	**77 182 276**
Add/(Less)			
Financial expenses		(42 805 537)	(60 573 422)
Capital gain		33 534	613 693
Foreign currency exchange		(230 677)	(571 298)
Credit interest		2 522 679	6 034 970
Net profits for the period before Income Taxes		**57 785 328**	**22 686 219**
(Less)			
Income Tax	(25)	(9 722 731)	(2 101 140)
Deferred Tax		(1 464 911)	(8 526 996)
Net profits after income taxes and before non-controlling shareholders' profits		**46 597 686**	**12 058 083**
Distributed as follow:-			
Controlling shareholders' profits		37 886 495	10 552 431
Non-controlling shareholders' profits		8 711 191	1 505 652
		46 597 686	**12 058 083**

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

Managing Director

Tarek Talaat Ahmed

Financial Manager

Ahmed Abdel Hamid Emam

Ahmed Abdel Hamid Emam

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CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	31/3/2020 EGP	31/3/2019 EGP
Net profits for the period after Taxes	46 597 686	12 058 083
Add		
Other Comprehensive income	--	--
Comprehensive income for the period	**46 597 686**	**12 058 083**
Distributed as follow :		
Controlling shareholders' profits	37 886 495	10 552 431
Non-controlling shareholders' profits	8 711 191	1 505 652
	46 597 686	**12 058 083**

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

Managing Director

Tarek Talaat Ahmed

Financial Manager

A hmed Emam

Ahmed Abdel Hamid Emam

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CONSOLIDATED INTERIM STATEMENT OF CHANGE IN EQUITY

31 March 2019	Controlling shareholders interests						
	Issued & Paid up Capital	Reserves	Retained earnings	Net Profit for the Period	Total	Non- controlling shareholders interests	Total Equity
	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**
Transferred to retained earnings	--	--	98 692 080	(98 692 080)	--	--	--
Transferred to reserves	--	4 032 481	(4 032 481)	--	--	--	--
Dividends	--	--	(47 051 912)	--	(47 051 912)	(52)	(47 051 964)
Total Comprehensive income for the period	--	--	--	10 552 431	10 552 431	1 505 652	12 058 083
Balance as of 31 March 2019	**720 000 000**	**197 764 472**	**398 561 116**	**10 552 431**	**1 326 878 019**	**459 922 887**	**1 786 800 906**
31 March 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**
Adjustments on retained earning	--	--	1 029 893	--	1 029 893	--	1 029 893
Transferred to retained earnings	--	--	34 671 110	(34 671 110)	--	--	--
Transferred to reserves	--	1 762 189	(1 762 189)	--	--	--	--
Dividends distribution	--	--	(26 195 605)	--	(26 195 605)	(82)	(26 195 687)
Total Comprehensive income for the period	--	--	--	37 886 495	37 886 495	8 711 191	46 597 686
Balance as of 31 March 2020	**720 000 000**	**199 526 661**	**401 860 882**	**37 886 495**	**1 359 274 038**	**445 154 253**	**1 804 428 291**

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

Managing Director

Tarek Talaat Ahmed

Financial Manager

Ahmed Abdel Hamid Emam

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CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	Notes	31/3/2020 EGP	31/3/2019 EGP
Cash Flows From Operating Activities			
Net Profits before income taxes		57 785 328	22 686 219
Adjustments to reconcile net profit to cash flows			
Depreciation of fixed assets	(5)	35 842 931	35 421 603
Amortization of finance lease assets	(5-4)	87 491	--
Amortization of intangible assets	(9)	1 891 718	2 042 494
Foreign currency exchange		230 677	571 298
Capital gain		(33 534)	1 841 078
Impairment of accounts receivables	(11)	--	(7 410 299)
Finance expenses		42 805 537	60 573 422
Credit interests		(2 522 679)	(6 034 970)
Operating profits before changes in current assets and current liabilities		**136 087 469**	**109 690 845**
Change in inventory	(10)	77 724 273	30 059 220
Change in accounts receivables and notes receivable	(11)	(3 618 248)	2 422 177
Change in land operating lease accrued		610 740	630 225
Change in land financial accrued		--	(613 693)
Change in debtors and other debit balances	(12)	(140 997 498)	(28 436 570)
Change in receivables – advance payments		(30 236 365)	56 836 550
Change in suppliers and notes payable		70 492 311	(151 749 379)
Change in creditors and other credit balances	(20)	8 328 176	39 114 410
Cash flows from operating activities		**118 390 858**	**57 953 785**
Change in Income taxes	(25)	1 187 182	--
Provisions used	(19)	--	(1 003 569)
Net cash from operating activities		**119 578 040**	**56 950 216**
Cash flows from investing activities			
Payments for purchase fixed assets and projects	(5)	1 020 366	(6 764 616)
Proceeds from sale of fixed assets	(5)	425 562	(1 841 078)
Adjustments on fixed assets	(5)	--	936 654
Credit interest collected		2 585 899	6 021 288
Change in current accounts blocked in banks	(13)	--	10 873 570
Change in Time deposits (maturing after three months)	(13)	(1 070 465)	4 637 780
Net cash from investing activities		**2 961 362**	**13 863 598**
Cash flows from financing activities			
Change in credit banks		--	(168 177 660)
Debit Interest Paid		(24 406 125)	(61 394 083)
Adjustments on retained earning		1 029 893	--
Change in loans	(17)	18 722 690	152 350 368
Dividends paid		(5 448 277)	--
Net cash flow (used in) financing activities		**(10 101 819)**	**(77 221 375)**
Net changes in cash and cash equivalents		**112 437 583**	(6 407 561)
Foreign currency exchange		(230 677)	(571 298)
Cash and cash equivalent – beginning of the period		181 656 465	215 359 850
Cash and cash equivalent – end of period		**293 863 371**	**208 380 991**
Cash on hand and at banks	(13)	302 003 369	234 226 553
Current accounts blocked in banks		(5 718 533)	(14 566 057)
Time deposits maturing after three months		(2 421 465)	(11 279 505)
	(13)	**293 863 371**	**208 380 991**

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

Managing Director
Tarek Talaat Ahmed

Financial Manager
Ahmed Emam
Ahmed Abdel Hamid Emam

Notes to the Consolidated Interim Financial Statements

Translation of financial statements
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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 from1 January and ends at the end of December of each year.
- The company is registered on both Cairo and Alex Exchange Market.

1.6. Approval of the financial statements

- The financial statements of the Company for the period ended 31 March 2020 were authorized for issuance in accordance with a resolution of the board of directors in June 9, 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:

	31 December 2019	31 December 2018	1 November 2015
	%	%	%
ASEC FOR CONCRETE (S.A.E)	99.9	99.9	45
ASEC EL FOR CEMENT (S.A.E)	60.36	60.36	13.88

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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.
- 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.
- 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.
- 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 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%.

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2. Basis For financial statement 's preparation

2.1 Basis of consolidating interim 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 aquisition 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:

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.

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3. Significant accounting estimates and personal judgments (follow)

3.1 The significant estimates and assumptions (follow)

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

1. The first recognition and initial measurement

Fixed assets are stated at the historical cost after deducting 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.

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4. Significant accounting policies (follow)

4.2 Fixed assets and its Depreciation (follow)

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 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.

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4. Significant accounting policies (follow)

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.

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4. Significant accounting policies (follow)

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.

-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

D. 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.

E. 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.

Translation of financial statements
Originally issued in Arabic

4. Significant accounting policies (follow)

4.28 Comparative Figures

The comparative figures were reclassified to comply with current figures.

4.29 Earnings per share

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

4.30 Capital management

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

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

4.31 Fair value of financial instruments

The financial instruments 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:

F. 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.

G. 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.

H. Interest rate risk

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

I. 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.

5. Fixed assets

31 March 2020	Land	Buildings and Constructions	Machinery and Equipment	Motor Vehicles	Tools	Furniture and Fixtures	Enhancements of Rental Places	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
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**
Additions during the period	--	1 471 010	8 117 640	5 882 899	--	181 907	--	**15 653 456**
Disposes during the period	--	(414 479)	--	--	--	--	--	**(414 479)**
Cost as of 31 March 2020	**7 543 974**	**1 020 327 747**	**2 319 550 470**	**111 856 958**	**8 470 993**	**30 326 085**	**1 604 342**	**3 499 680 569**
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	--	8 058 097	24 965 244	2 205 343	96 235	490 585	27 427	**35 842 931**
Depreciation of Disposes	--	(22 451)	--	--	--	--	--	**(22 451)**
Accumulated Depreciation as of 31 March 2020	--	**267 803 703**	**845 697 289**	**57 862 986**	**6 516 054**	**25 865 681**	**1 389 290**	**1 205 135 003**
Net book value as of 31 March 2020	**7 543 974**	**752 524 044**	**1 473 853 181**	**53 993 972**	**1 954 939**	**4 460 404**	**215 052**	**2 294 545 566**

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

	Buildings and Constructions	Machinery and Equipment	Motor Vehicles	Tools	Furniture and fixtures	Enhancements of Rental Places	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Depreciated asset that still used	12 772 969	11 508 057	6 340 284	4 611 643	10 641 700	--	**45 874 653**

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).

5. Fixed assets (follow)

31 December 2019	Land EGP	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture and fixtures EGP	Enhancements of Rental Places EGP	Total EGP
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**
Additions during the period	--	286 201	5 460 668	4 797 389	--	511 158	--	**11 055 416**
Disposals during the period		--	--	(507 247)	--	(7 478)	--	**(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 ease contracts standard	--	--	--	3 039 426	--	--	--	**3 039 426**
Depreciation for the period	--	32 274 817	98 729 218	8 653 286	457 203	2 190 259	231 911	**142 536 694**
Accumulated depreciation of Disposals	--	--	--	(284 640)	--	(3 909)	--	**(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 reprehensive in.

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

6. Projects under construction

	31/3/2020 EGP	31/12/2019 EGP
Buildings and constructions	72 164 523	91 240 292
Machinery and equipment	4 022 947	--
Advanced payments	1 385 412	3 006 412
Information Systems	1 025 670	1 025 670
	78 598 552	**95 272 374**

7. Available for sale investments

	Percentage of ownership	31/3/2020 EGP	31/12/2019 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 May18th, 2016 and has decided to hold the company's activities till 30 June 2019 after the company's losses reached EGP 2.95 million as of 31 December 2015. Following to continued losses and not achieving profits, the Extraordinary General Assembly held on June 25th, 2019 decision, place the company under liquidation.

8. Investments in associates

	Percentage of ownership	Balance as of 31March2020 EGP	Balance as of 31December 2019 EGP
South of Upper Egypt Company of sacks manufacturing	20%	15 471 058	16 791 058
		15 471 058	**16 791 058**

9. Intangible assets

	31/3/2020 EGP	31/12/2019 EGP
Cost		
Beginning Balance	277 680 376	277 680 376
Additions during the period / year	--	--
Ending Balance	277 680 376	277 680 376
Accumulated amortization		
Beginning Balance	(33 663 205)	(26 096 339)
Amortization during the period / year	(1 891 718)	(7 566 866)
Ending Balance	**(35 554 923)**	**(33 663 205)**
Net book value as of 31 March 2020	**242 125 453**	**244 017 171**

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

10. Inventory

	31/3/2020 EGP	31/12/2019 EGP
Raw materials	32 305 913	37 336 520
Gasoline, Mazot & coal	121 830 450	147 636 977
Packaging	11 416 397	13 951 370
Spare parts	87 790 062	87 035 985
Work in progress	225 623 943	262 896 656
Finished goods	24 587 843	32 421 373
	503 554 608	**581 278 881**

11. Accounts receivable and notes receivable

	31/3/2020 EGP	31/12/2019 EGP
Accounts receivable	44 059 023	40 440 775
Notes receivable	--	--
	44 059 023	40 440 775
Less:		
Impairment in value of accounts receivable & notes receivable	(1 500 950)	(1 500 950)
	42 558 073	**38 939 825**

12. Debtors and other debit balances

	31/3/2020 EGP	31/12/2019 EGP
Advances to suppliers	192 105 464	63 543 805
(ASEC) Managing technical	13 590 512	12 913 759
Tax authority– value added (sales)taxes	24 633 698	26 178 566
Tax authority–Real estate tax	2 974 508	2 974 508
Tax authority– withholding taxes	13 802 074	12 167 486
Deposits with others	29 905 904	29 919 904
Prepaid expenses	18 872 732	8 939 527
Letter of Credit	4 248 903	4 804 906
Accrued interest on time deposits	48 219	111 439
Other debit balances	23 335 355	19 709 191
	323 517 369	**181 263 091**
(Less):		
(Impairment in Debtors and other debit balances)	(4 028 771)	(4 028 771)
	319 488 598	**177 234 320**

13. Cash on hand and at banks

	31/3/2020 EGP	31/12/2019 EGP
Cash on hand	3 025 063	2 498 177
Current accounts in banks	288 129 881	173 776 293
Current account blocked in banks	5 718 533	5 718 533
Time deposit (maturing three months)	2 657 395	3 860 114
Time deposits (maturing after three months)	2 421 465	1 351 000
Accepted payment checks	51 032	256 574
Checks under collection	--	1 265 307
	302 003 369	**188 725 998**

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 EGP1 220 000 for 1 22 000 treasury shares, and it was registered in the commercial register in on the 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 12th, 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 12th, 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	% 11.69	8 416 842	84 168 420
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	% 17.94	12 916 715	129 167 150
	% 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 31/3/2020	**185 908 682**	**10 216 984**	**3 400 995**	**199 526 661**

16. Non-Controlling shareholders interests

First: Change in non-controlling shareholders

	31/3/2020 EGP	31/12/2019 EGP
Beginning Balance for the period / year	436 443 144	458 417 287
Non-controlling share in net profit for the period / year	(82)	(18 217 948)
Non-controlling share in dividends distribution	8 711 191	(3 756 195)
The Ending balance for the period/year	**445 154 253**	**436 443 144**

16. Second: Non-Controlling shareholders interests (follow)

Non-controlling shareholders' balance in subsidiaries

	Percentage of ownership %	31/3/2020 EGP	31/12/2019 EGP
Minya Portland Cement shareholders			
Safari limited for investments	30.72	345 000 229	338 249 008
Industrial Fund for Developing countries	4.64	52 097 717	51 078 230
FLSmidth	4.27	47 997 400	47 058 151
National Company for development and trading	--	58 178	57 040
Others	--	349	342
ASECO for Concrete shareholders			
Others	0.01	380	373
		445 154 253	**436 443 144**

17. Long term loans

	31/3/2020 EGP	31/12/2019 EGP
The balance accrued		
Misr Cement(Qena) company	485 259 211	485 259 211
Minya Portland Cement company	646 122 594	627 399 905
	1 131 381 805	**1 112 659 116**
The Current portion		
Misr Cement(Qena) company	(121 428 585)	(121 428 586)
Aseco El For Cement company	(344 160 532)	(325 559 639)
Total of the current portion	**(465 589 117)**	**(446 988 225)**
Total long term loans	**665 792 688**	**665 670 891**

- 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 31st,2010 Minya Portland Cement signed a joint loan contract of 1 102 million Egyptian pounds with Arab African International Bank (loan agent).
- On June 12th, 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 December 31st, 2014 instead of December 31st, 2013 each by an amount of 92 85 million LE and ends on December 31st, 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).

18. Deferred Tax Assets / (Liabilities)

	Assets		Liabilities	
	31/3/2020 EGP	31/12/2019 EGP	31/3/2020 EGP	31/12/2019 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)	1 464 911	11 660 342
Ending balance for the period / year	**14 593 236**	**14 593 236**	**330 128 585**	**328 663 674**

19. Provisions

	Balance as of 1/1/2020 EGP	Charged during the period EGP	(Used) EGP	Provision no longer required EGP	Balance as of 31/3/2020 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	--	--	--	**38 900 000**
	65 057 703	--	--	--	**65 057 703**

20. Creditors and other credit balances

	31/3/2020 EGP	31/12/2019 EGP
Tax authority	6 434 246	10 731 742
Retention	32 267 890	31 936 885
Liabilities from Finance lease contracts	5 123 107	6 328 813
Syndicate Stamps	6 166 329	6 042 073
Employees services association	519 775	450 192
Social insurance authority	1 311 036	1 156 923
Tax authority- sales taxes	66 034 162	57 065 678
Production development fees	6 040 599	7 007 452
Accrued debit interests	26 891 448	8 492 036
Accrued expenses	73 641 923	96 455 823
Creditors - Dividends	24 233 562	3 486 153
Other	51 695 530	23 730 838
	300 359 607	**252 884 608**

21. Cost of goods sold

	31/3/2020 EGP	31/3/2019 EGP
Depreciation and amortization	38 377 876	35 375 941
Governmental fees	47 147 347	40 969 234
Technical management contract fees- labor supply - maintenance	98 611 962	89 339 136
Electricity and power	341 952 973	371 603 593
Raw materials and packaging materials	114 854 965	136 940 190
Rent	3 614 846	4 604 025
Change in inventory	14 813 987	(27 340 146)
Indirect costs	24 589 264	25 945 610
	683 963 220	**677 437 583**

22. Selling and marketing expenses

	31/3/2020 EGP	31/3/2019 EGP
Depreciation	172 196	702 907
Salaries and wages	2 958 894	2 904 694
Others	1 472 782	5 306 653
	4 603 872	**8 914 254**

The title of the customer incentive 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 March 31, 2020 amounted to EGP 5,000,000 "Comparable year March 31st, 2019 The total amount of discount permitted amounted to EGP 3,359,600 recorded with marketing and selling expenses."

23. General and administrative expenses

	31/3/2020 EGP	31/3/2019 EGP
Depreciation And Amortization	813 013	1 174 207
Salaries and wages	15 875 740	16 155 089
Donations	1 009 580	1 650 170
Insurance expenses	374 794	208 745
Others	12 062 678	13 809 025
	30 135 805	**32 997 236**

24. Other Revenues

	31/3/2020 EGP	31/3/2019 EGP
Fixtures remaining	13 750	264 458
Rents	416 395	197 873
Revenue from transport ,shipping and handling	44 427 553	70 719 612
Revenue from spare parts	1 996 053	102 545
Others	1 046 290	458 046
	47 900 041	**71 742 534**
Transport shipping and handling expenses	(44 427 553)	(70 719 612)
Spare Parts Cost	(1 996 053)	(102 545)
	1 476 435	**920 377**

25. Accrued Income tax

	31/3/2020 EGP	31/12/2019 EGP
Beginning balance	21 650 583	3 594 218
accrued income tax for the period / year	9 722 731	21 998 466
adjustments to tax authority	1 187 182	(3 942 101)
	32 560 496	**21 650 583**

26. Related party transactions

The transactions with related parties for the period from 1 January 2020 till 31 March 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 Company	404 455	--
ASECO for ready mix company	11 207 788	25 092 145
	11 612 243	**25 092 145**

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

Company	Nature of the relation	Type	31/3/2020 EGP
Misr Insurance	Shareholder	Insurance installments	5 163 459
South of upper Egypt company (main supplier)	Associate	Sacks supplying	113 020 765

27. Capital Commitments

	Currency	Contract amount	Balance as of 31/3/2020
Minya Portland Cement Company	EGP	24 597 953	16 673 158
Minya Portland Cement Company	EUR	285 000	3 761 134
Total		**24 882 953**	**20 434 292**

28. 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 Company	6 000 000	Non-fully covered
	12 933 883	

29. 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	31December 2019 before update	Adjustments	31 December 2019 after update
Other Assets	14 334 614	(14 334 614)	--
Debtors and other debit balances	162 899 707	14 334 614	177 234 320

Income Statement	31March 2019 before update	Adjustments	31 March 2019 after update
Net Sales	833 655 161	(38 561 595)	795 093 566
Cost of goods sold	713 235 693	(35 798 110)	677 437 583
Selling and marketing expenses	11 677 739	(2 763 485)	8 914 254

30. 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.

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.

30. **Tax Situation (follow)**

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 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 2019 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 sales tax has been replaced by the value-added tax, with the issuance of Law No. 76 of 2016, and was applied from the following day of its issuance.

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. **For the year 2019**

- The company paid the development fees according to the law no. 73 for the year 2010

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 30 June 2020 by EGP 5 912 032 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 30 June 2020 amount to EGP 31 432 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 387 962 till 30 June 2020 and delay fee, the company paid EGP 277 404 for tax and the forms were appealed to resolve the dispute in front of 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 8 086 till 30 June 2020 and the company paid that claim .

30. Tax Situation (follow)

The Tax situation for Minya Portland Cement

a) Income tax

The company submitted the tax return for the year ended 31 December 2018 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

- A date is being set for examination

Years from 2017 till 2019

- Tax examination has not yet been completed

b) salaries and salaries equivalent tax

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

c) Sales tax

According to the decision of the general administration for investment in November 2013, the initiation of the company's activity is estimated to be August 2013 and the company was registered in sales tax authority, the sales tax report was submitted in its due dates and the company's reports for the year were inspected from the initiation of the activity till 31 December 2013 and the accrued differences were paid.

The company has filed a lawsuit against the Ministry of Finance (Sales Tax Authority) to discharge its duty from paying the sales tax on capital goods for the cement production line as well as recovering a payment of sales tax equivalent to 5% of the total value of the tax claimed by the sales tax authority that previously paid upon receipt of the capital goods in customs. A decision was issued by the conciliation committees in resolving disputes at the Egyptian Tax Authority and supported the company's requests. The objection was made by the Tax Authority and the dispute was referred to the judiciary. The dispute is still in progress with the judiciary.

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 2019.
- Payment of EGP 200 000 has been made under Account of real estate tax for the year 2020.

30. Tax Situation (follow)

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's accounts and records are being examined from 2013 to 2018.
- The tax return for the financial year ended 31 DEC 2018 and the accrued tax was paid.
- The tax return for the financial year ended 31 DEC 2019 is being presented.

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

- The company was registered in the tax authority on sales and the company's tax returns from the initiation of its activity till 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.

31. 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 it's 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 (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.

32. 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"	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. 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. 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. 4- based on the requirements of this standard the following standards were amended : - 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.	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. -These ammendments are effective as of the date of implementing Standard No. (47)

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
The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers"	1- The new Egyptian Accounting Standard No. (48) - "Revenue from Contracts with Customers" shall supersed the following standards and accordingly such standards shall not be applied: 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.	The Management is currently assessing the potential impact of implementing the amendment of the standard on the financial statements.	Standard No(48) applies to financial periods beginning on or after January1st, 2020, and the early implementation thereof is permitted
The new Egyptian Accounting Standard No. (49) "Lease Contracts".	1- The new Egyptian Accounting Standard No. (49) "Lease Contracts" shall supersed 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.	During the period, the company has applied Standard No. 49 with respect to financial leasing contracts that were subject to the Financial Leasing Law that is established under and subject to the Law of Regulating Financial Leasing and Factoring Activities No. 176 of 2018	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.

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 1st 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).

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.
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 .		This amendment is introduced and shall apply to financial periods beginning on or after January 1st, 2019.

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