

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

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Consolidated Financial Statements for the Year ended  
31 December 2020

With Auditors' Report

شركة مصر للأسمنت قنا ش.م.م.  
١٦٥ وارد رقم  
تاريخ ٢٠٢٧ / ٢ / ٢٠٢٧ مرفقات  
فرع القاهرة

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## **Auditor's Report**

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

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of MISR CEMENT (QENA) COMPANY (S.A.E), which comprise the consolidated statement of financial position as at December 31, 2020 and the consolidated statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

### **Management's Responsibility for the Consolidated Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of MISR CEMENT (QENA) COMPANY (S.A.E) as at December 31, 2020, and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation.

### Emphasis of matter paragraph:

### 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 consolidated financial statements for the financial year ending December 31, 2020.

### Report on Other Legal and Regulatory Requirements

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



**Gomaa Farag**  
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 Year Ended 31 December 2020

Translation of financial statements  
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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Assets	Notes	31/12/2020	31/12/2019
<b>Non-current Assets</b>		<b>EGP</b>	<b>EGP</b>
Fixed assets – Net	(5)	2 194 036 037	2 315 127 069
Projects under construction	(6)	90 545 793	95 272 374
Financial leased assets		--	2 191 786
Available for sale investments	(7)	1	1
Investments in associates	(8)	16 341 428	16 791 058
Goodwill		481 159 424	481 159 424
Intangible assets	(9)	236 450 303	244 017 171
Deferred tax assets	(18)	15 387 081	14 593 236
<b>Total non-current assets</b>		<b>3 033 920 067</b>	<b>3 169 152 119</b>
<b>Current assets</b>			
Inventory	(10)	580 857 168	581 278 881
Accounts receivable and notes receivable	(11)	51 521 628	38 939 825
Debtors and other debit balances	(12)	199 879 481	182 952 853
Cash on hand and at banks	(13)	86 147 932	183 007 465
<b>Total current assets</b>		<b>918 406 209</b>	<b>986 179 024</b>
<b>Total assets</b>		<b>3 952 326 276</b>	<b>4 155 331 143</b>
<b>Equity</b>			
Issued & paid up capital	(14)	720 000 000	720 000 000
Reserves	(15)	199 526 661	197 764 472
Retained earnings		400 198 968	394 117 673
Net profit for the year		33 849 273	34 671 110
<b>Total equity (company's shareholders)</b>		<b>1 353 574 902</b>	<b>1 346 553 255</b>
Non- controlling shareholders interests	(16)	425 608 684	436 443 144
<b>Total equity</b>		<b>1 779 183 586</b>	<b>1 782 996 399</b>
<b>Non-current liabilities</b>			
Long term loans	(17)	496 822 102	665 670 891
Accrued Land operating lease		33 744 230	31 301 270
Deferred tax liabilities	(18)	335 019 177	328 663 674
<b>Total non-current liabilities</b>		<b>865 585 509</b>	<b>1 025 635 835</b>
<b>Current liabilities</b>			
Provisions	(19)	68 966 905	65 057 703
Credit facilities	(20)	80 646 375	--
Current portion of long term loans	(17)	470 917 851	446 988 225
Suppliers and notes payable		431 489 685	455 436 276
Receivables – advanced payments		62 702 414	104 681 514
Creditors and other credit balances	(21)	172 392 611	252 884 608
Accrued income tax	(25)	20 441 340	21 650 583
<b>Total current liabilities</b>		<b>1 307 557 181</b>	<b>1 346 698 909</b>
<b>Total liabilities</b>		<b>2 173 142 690</b>	<b>2 372 334 744</b>
<b>Total equity and liabilities</b>		<b>3 952 326 276</b>	<b>4 155 331 143</b>

- 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 Year Ended 31 December 2020

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

Assets	Notes	31/12/2020	31/12/2019
Non-current Assets		EGP	EGP
Fixed assets – Net	(5)	2 194 036 037	2 315 127 069
Projects under construction	(6)	90 545 793	95 272 374
Financial leased assets		--	2 191 786
Available for sale investments	(7)	1	1
Investments in associates	(8)	16 341 428	16 791 058
Goodwill		481 159 424	481 159 424
Intangible assets	(9)	236 450 303	244 017 171
Deferred tax assets	(18)	15 387 081	14 593 236
<b>Total non-current assets</b>		<b>3 033 920 067</b>	<b>3 169 152 119</b>
<b>Current assets</b>			
Inventory	(10)	580 857 168	581 278 881
Accounts receivable and notes receivable	(11)	51 521 628	38 939 825
Debtors and other debit balances	(12)	199 879 481	182 952 853
Cash on hand and at banks	(13)	86 147 932	183 007 465
<b>Total current assets</b>		<b>918 406 209</b>	<b>986 179 024</b>
<b>Total assets</b>		<b>3 952 326 276</b>	<b>4 155 331 143</b>
<b>Equity</b>			
Issued & paid up capital	(14)	720 000 000	720 000 000
Reserves	(15)	199 526 661	197 764 472
Retained earnings		400 198 968	394 117 673
Net profit for the year		33 849 273	34 671 110
<b>Total equity (company's shareholders)</b>		<b>1 353 574 902</b>	<b>1 346 553 255</b>
Non- controlling shareholders interests	(16)	425 608 684	436 443 144
<b>Total equity</b>		<b>1 779 183 586</b>	<b>1 782 996 399</b>
<b>Non-current liabilities</b>			
Long term loans	(17)	496 822 102	665 670 891
Accrued Land operating lease		33 744 230	31 301 270
Deferred tax liabilities	(18)	335 019 177	328 663 674
<b>Total non-current liabilities</b>		<b>865 585 509</b>	<b>1 025 635 835</b>
<b>Current liabilities</b>			
Provisions	(19)	68 966 905	65 057 703
Credit facilities	(20)	80 646 375	--
Current portion of long term loans	(17)	470 917 851	446 988 225
Suppliers and notes payable		431 489 685	455 436 276
Receivables – advanced payments		62 702 414	104 681 514
Creditors and other credit balances	(21)	172 392 611	252 884 608
Accrued income tax	(25)	20 441 340	21 650 583
<b>Total current liabilities</b>		<b>1 307 557 181</b>	<b>1 346 698 909</b>
<b>Total liabilities</b>		<b>2 173 142 690</b>	<b>2 372 334 744</b>
<b>Total equity and liabilities</b>		<b>3 952 326 276</b>	<b>4 155 331 143</b>

- 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 Year Ended 31 December 2020

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**CONSOLIDATED STATEMENT OF INCOME (Profit and Loss)**

	Notes	<u>31/12/2020</u> EGP	<u>31/12/2019</u> EGP
Net Sales		2 518 793 547	3 000 060 997
<b>(Less)</b>			
Cost of Sales	(22)	(2 194 398 438)	(2 543 088 275)
<b>Gross Profit</b>		<b>324 395 109</b>	<b>456 972 722</b>
Selling and marketing expenses	(23)	(23 665 950)	(32 571 354)
General and administrative expenses	(24)	(131 291 252)	( 145 397 344)
Other Revenues	(25)	7 584 658	4 197 196
Provisions no longer required	(19)	49 000	1 003 569
Impairment reversed on accounts receivables		--	6 408 028
Other expenses		(786 653)	( 1 132 153)
Provisions		(3 958 202)	( 1 964 220)
Impairment in Debtors		--	(1 054 263)
Impairment in accounts receivable		--	( 5 904 116)
<b>Total</b>		<b>(152 068 399)</b>	<b>(176 414 657)</b>
<b>Net operating Income</b>		<b>172 326 710</b>	<b>280 558 065</b>
<b>Add/(Less)</b>			
Financial expenses		(137 363 042)	( 223 402 032)
Capital Gains		6 236 405	374 109
Foreign currency exchange		(498 914)	( 1 406 538)
Credit interest		7 726 461	15 986 649
Capital Losses		--	(3 568)
investments income		870 371	970 558
<b>Net profits for the year before Income Taxes</b>		<b>49 297 991</b>	<b>73 077 243</b>
<b>( Less )</b>			
Income Tax	(26)	(20 721 440)	( 21 998 466)
Deferred Tax		(5 561 657)	( 34 625 615)
<b>Net profits after income taxes and before non-controlling shareholders' profits</b>		<b>23 014 894</b>	<b>16 453 162</b>
Distributed as follow:-			
Controlling shareholders' profits		33 849 273	34 671 110
Non-controlling interest (losses)		(10 834 379)	( 18 217 948)
		<b>23 014 894</b>	<b>16 453 162</b>

- 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>31/12/2020</u>	<u>31/12/2019</u>
	EGP	EGP
Net profits for the year after Taxes	23 014 894	16 453 162
Add :		
Other Comprehensive income	--	--
<b>Comprehensive income for the year</b>	<u>23 014 894</u>	<u>16 453 162</u>
<b>Distributed as follow :</b>		
Controlling shareholders 's profits	33 849 273	34 671 110
Non-controlling shareholders 'interest (losses)	(10 834 379)	( 18 217 948)
	<u>23 014 894</u>	<u>16 453 162</u>

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

Managing Director  
Tarek Talaat Ahmed



Financial Manager  
Ahmed Abdel Hamid Emam





Misr Cement (Qena) Company (S.A.E)  
Consolidated Financial statements of For The Year Ended 31 December 2020

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**CONSOLIDATED STATEMENT OF CHANGE IN EQUITY**

**Controlling shareholder's interests**

31 December 2019	Issued & Paid up Capital			Reserves	Retained earnings	Net Profit for the Year	Total	Non-controlling shareholders interest		Total Equity
	EGP	EGP	EGP					EGP	EGP	
Balance at 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	--	--	2 564 798	--	2 564 798	--	2 564 798			
Transferred to Retained Earnings	--	--	98 692 080	(98 692 080)	--	--	--			
Transferred to reserves	--	4 032 481	(4 032 481)	--	--	--	--			
Distributed dividends	--	--	(54 060 153)	--	(54 060 153)	(3 756 195)	(57 816 348)			
Total Comprehensive income for the year	--	--	--	34 671 110	34 671 110	(18 217 948)	16 453 162			
Balance at 31 December 2019	720 000 000	197 764 472	394 117 673	34 671 110	1 346 553 255	436 443 144	1 782 996 399			
<b>31 December 2020</b>										
Balance at 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)	--	--	--	--			
Distributed dividends	--	--	(26 827 626)	--	(26 827 626)	(81)	(26 827 707)			
Total Comprehensive income for the year	--	--	--	33 849 273	33 849 273	(10 834 379)	23 014 894			
Balance at 31 December 2020	720 000 000	199 526 661	400 198 968	33 849 273	1 353 574 902	425 608 684	1 779 183 586			

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

Managing Director  
Tarek Talaat Ahmed

Financial Manager  
Ahmed Abdel Hamid Emam

Misr Cement (Qena) Company (S.A.E)  
Consolidated Interim Financial Statements of For The Year Ended 31 December 2020

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**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Notes	31/12/2020 EGP	31/12/2019 EGP
<b>Cash Flows From Operating Activities</b>			
Net Profits before income taxes		49 297 991	73 077 243
<b>Adjustments to reconcile net profit to cash flows</b>			
Depreciation of fixed assets	(5)	144 444 320	143 398 382
Amortization of intangible assets	(9)	7 566 866	7 566 866
Evaluation of financial investments profit in associates		(870 371)	(970 558)
Exchanged Foreign currency		498 914	1 406 538
Capital gains		(6 236 405)	(374 109)
Capital Losses		--	3 568
Impairment of debtors		--	1 054 263
Provision no longer required		(49 000)	(1 003 569)
Provision charged during the year		3 958 202	1 964 220
Impairment of accounts receivables	(11)	--	5 904 116
Impairment reversed on accounts receivable		--	(6 408 028)
Financial expenses		137 363 042	223 402 032
Credit interests		(7 726 461)	(15 986 649)
<b>Operating profits before changes in current assets and current liabilities</b>		<b>328 247 098</b>	<b>433 034 315</b>
Change in inventory	(10)	421 713	(31 322 690)
Change in accounts receivables and notes receivables	(11)	(12 581 803)	(8 245 370)
Change in land operating lease accrued		2 442 960	1 643 445
Long term – deferred capital gain		--	(5 318 670)
Change in debtors and other debit balances	(12)	(16 851 921)	(39 268 209)
Change in receivables – advance payments		(41 979 100)	(32 277 499)
Change in suppliers and notes payable		(17 869 029)	60 497 073
Change in creditors and other credit balances	(21)	(75 443 283)	24 069 228
<b>Cash flows from operating activities</b>		<b>166 386 635</b>	<b>402 811 623</b>
Change in Income taxes	(26)	(21 930 683)	(3 942 101)
Provisions used during the year	(19)	--	(3 075 400)
<b>Net cash from operating activities</b>		<b>144 455 952</b>	<b>395 794 122</b>
<b>Cash flows from investing activities</b>			
Payments for purchase fixed assets and projects	(5)	(19 091 419)	(31 628 588)
Proceeds from sale of fixed assets	(5)	2 665 998	596 717
Adjustments on fixed assets	(5)	--	936 654
Proceeds from investment		--	10 000 000
Dividends from Investments in associates		1 320 000	--
Credit interest collected		7 801 100	16 143 332
Finance leased assets		--	(3 053 474)
Change in current accounts blocked in banks	(13)	--	19 721 094
Change in Time deposits (maturing after three months)	(13)	(2 502 306)	14 566 285
<b>Net cash from investing activities</b>		<b>(9 806 627)</b>	<b>27 282 020</b>
<b>Cash flows from financing activities</b>			
Change in credit banks		80 646 375	(168 177 660)
Paid debit interests		(141 185 918)	(260 524 439)
Adjustments on retained earnings		--	2 058 998
Change in loans	(17)	(144 919 162)	27 373 242
Dividends distribution paid		(28 053 546)	(56 103 130)
<b>Net cash flow financing activities</b>		<b>(233 512 251)</b>	<b>(455 372 989)</b>
<b>Net changes in cash and cash equivalents</b>		<b>(98 862 926)</b>	<b>(32 296 847)</b>
Exchange Foreign currency		(498 914)	(1 406 538)
Cash and cash equivalent – beginning of the year		181 656 465	215 359 850
<b>Cash and cash equivalent – end of year</b>		<b>82 294 625</b>	<b>181 656 465</b>
<b>For the purpose of Cash flow preparing, Cash and cash equivalent including</b>			
Cash on hand and at banks	(13)	86 147 932	188 725 998
Current accounts blocked in banks		--	(5 718 533)
Time deposits maturing after three months		(3 853 307)	(1 351 000)
	(13)	<b>82 294 625</b>	<b>181 656 465</b>

- 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 31 December 2020 were authorized for issuance in accordance with a resolution of the board of directors in February 23, 2021.

#### 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 subsidiaries as follows:

	Investment nature	31 December 2020 %	31 December 2018 %	1 November 2015 %
ASECO FOR CONCRETE (S.A.E)	Direct	99.9	99.9	45
MINYA PORTLAND CEMENT (S.A.E)	Direct	60.36	60.36	13.88
Qena for Maintenance	Indirect	99.8	--	--



**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 Mofly – 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 Mofly – 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 Policies and regulations**

- The consolidated financial statements are prepared according to the Egyptian accounting policies and regulations.

### **2.3 The presented and disclosed currency**

The Financial statements are presented in the Egyptian pound which is the same currency of transactions and the main and significant activities in the company.

### **2.4 Basis of measurement**

The financial statements are prepared accorded to the historical cost principle

## **3. Significant accounting estimates and personal judgments**

### **3.1 The significant estimates and assumptions**

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

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

### 3.1 The significant estimates and assumptions (Follow)

#### a. Income tax

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

#### b. Impairment of receivables

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

#### c. Useful lives of fixed assets

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

#### d. Impairment of Inventory

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

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

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

### 3.3 Fair value measurement

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

### 4. Significant accounting policies

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

#### 4.1 Foreign currencies translation

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

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

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



#### 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 Financial Leased Assets

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

#### 4.6 Investments in associates

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

#### 4.7 Investments 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. Distributed dividends

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

##### C. Interest income

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

#### 4.11 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 year's according to the general assembly meeting resolution; This reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors and the interest of company.

##### 4.19 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 year of time to get ready for their intended use or sale are capitalized as part of the cost of the assets. All other borrowing costs are expensed in the year in which they are incurred. The borrowings costs are represented in interest and other finance costs that company pay to obtain the funds.

##### 4.23 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 year 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 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 doesn'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

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

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

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

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

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**5. Fixed assets (follow)**

31 December 2019	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
Cost at 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 year	--	286 201	5 460 668	4 797 389	--	511 158	--	11 055 416
Disposals during the year	--	--	--	(507 247)	--	(7 478)	--	(514 725)
<b>Cost at 31 December 2019</b>	<b>7 543 974</b>	<b>1 019 271 216</b>	<b>2 311 432 830</b>	<b>105 974 059</b>	<b>8 470 993</b>	<b>30 144 178</b>	<b>1 604 342</b>	<b>3 484 441 592</b>
Accumulated depreciation at 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
Depreciation for the year	--	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)
<b>Accumulated depreciation at 31 December 2019</b>	<b>--</b>	<b>259 768 057</b>	<b>820 732 045</b>	<b>55 657 643</b>	<b>6 419 819</b>	<b>25 375 096</b>	<b>1 361 863</b>	<b>1 169 314 523</b>
<b>Net book value at 31 December 2019</b>	<b>7 543 974</b>	<b>759 503 159</b>	<b>1 490 700 785</b>	<b>50 316 416</b>	<b>2 051 174</b>	<b>4 769 082</b>	<b>242 479</b>	<b>2 315 127 069</b>

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

Depreciated asset that still used	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
	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**

	<u>31/12/2020</u>	<u>31/12/2019</u>
	EGP	EGP
Buildings and constructions	81 619 135	91 240 292
Machinery and equipment	3 561 727	--
Advanced payments	1 225 066	3 006 412
Information Systems	4 139 865	1 025 670
	<b>90 545 793</b>	<b>95 272 374</b>

**7. Investment available for sale**

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

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 31 December 2019 after the company's losses reached EGP 2.95 million as of 31 December 2015. Following to continued losses and not achieving profits, the Extraordinary General Assembly held on December 25, 2019 decision, place the company under liquidation

**8. Investments in associates**

	<u>Percentage of ownership</u>	<u>Balance at of 31 December 2020</u>	<u>Balance at of 31 December 2019</u>
		EGP	EGP
South of Upper Egypt Company of sacks manufacturing	20%	16 341 428	16 791 058
		<b>16 341 428</b>	<b>16 791 058</b>

**9. Intangible assets**

	<u>31/12/2020</u>	<u>31/12/2019</u>
	EGP	EGP
<b>Cost</b>		
Beginning Balance	277 680 376	277 680 376
Additions during the year	--	--
Ending Balance year	<b>277 680 376</b>	<b>277 680 376</b>
<b>Accumulated amortization</b>		
Beginning Balance year	(33 663 205)	(26 096 339)
Amortization during the year	(7 566 868)	(7 566 866)
Ending Balance year	<b>(41 230 073)</b>	<b>(33 663 205)</b>
<b>Net book value at of 31 December 2020</b>	<b>236 450 303</b>	<b>244 017 171</b>

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

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**10. Inventory**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Raw materials	55 069 620	37 336 520
Gasoline, Mazot & coal	67 201 913	147 636 977
Packaging	13 117 797	13 951 370
Spare parts	80 494 950	87 035 985
Work in progress	337 511 643	262 896 656
Finished goods	27 461 245	32 421 373
	<b>580 857 168</b>	<b>581 278 881</b>

**11. Accounts receivable and notes receivable**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Accounts receivable	50 743 050	40 440 775
Notes receivable	2 279 528	--
	<b>53 022 578</b>	<b>40 440 775</b>
<b>(Less) :</b>		
Impairment in value of accounts receivable & notes receivable	(1 500 950)	(1 500 950)
	<b>51 521 628</b>	<b>38 939 825</b>

**12. Debtors and other debit balances**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Advanced payment – suppliers	39 774 183	63 543 805
(ASEC) Technical Managing	11 523 909	12 913 759
Advanced payments	29 706 058	114 999
Tax authority– value added (sales)taxes	22 528 371	26 178 566
Tax authority–Real estate tax	2 974 508	2 974 508
Tax authority– withholding taxes	15 113 795	12 167 486
Deposits with others	38 911 332	29 919 904
Prepaid expenses	12 354 113	8 939 527
Cover of letter of guarantee	12 522 974	5 718 533
Letter of credit	--	4 804 906
Accrued interest on time deposits	36 800	111 439
Other debit balances	18 462 209	19 594 192
	<b>203 908 252</b>	<b>186 981 624</b>
<b>(Less):</b>		
Impairment in Debtors and other debit balances	(4 028 771)	(4 028 771)
	<b>199 879 481</b>	<b>182 952 853</b>

**13. Cash on hand and at banks**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Cash on hand	1 859 721	2 498 177
Current accounts in banks	78 544 011	173 776 293
Time deposit (maturing during three months)	1 410 743	3 860 114
Time deposits (maturing more than three months)	3 853 307	1 351 000
Accepted payment checks	--	256 574
Checks under collection	480 150	1 265 307
	<b>86 147 932</b>	<b>183 007 465</b>



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**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 22<sup>nd</sup> 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 5<sup>th</sup> of July 2009, thus the paid up capital became EGP 298 780 000 distributed over 29 878 000 shares of par value EGP 10 per share .
- According to a board members meeting No 186 held on December 12, 2017 and authorized from GAFI on 25 December 2017 which decided to increase the capital with amount EGP 301 220 000 divided to 30 122 000 shares at EGP 10 per share, and 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 started 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	% 2.34	1 683 368	16 833 680
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
QNB for finance services	% 6.70	4 821 514	48 215 140
Bayt El Khebra finance lease (Techno. lease)	% 4.51	3 249 577	32 495 770
Egypt Company for Life Insurance	% 9.37	6 748 839	67 488 390
Other shareholders	% 16.08	11 579 098	115 790 980
	<b>% 100</b>	<b>72 000 000</b>	<b>720 000 000</b>

**15. Reserves**

	Legal reserve EGP	General reserve EGP	Capital reserve EGP	Total EGP
Balance at 1/1/2020	184 146 493	10 216 984	3 400 995	197 764 472
Reserves during the year	1 762 189	--	--	1 762 189
Balance at 31/12/2020	<b>185 908 682</b>	<b>10 216 984</b>	<b>3 400 995</b>	<b>199 526 661</b>

**16. Non-Controlling shareholder's interests**

**First: Change in non-controlling interest shareholders**

	<u>31/12/2020</u> EGP	<u>31/12/2019</u> EGP
Beginning Balance for the year	436 443 144	458 417 287
Non-controlling interest -share in net profit for the year	(10 834 379)	(18 217 948)
Non-controlling interest -share in dividends distribution	(81)	(3 756 195)
<b>Ending balance for the year</b>	<b>425 608 684</b>	<b>436 443 144</b>

**16. Non-controlling shareholders' interests (follow)**

**Second: non-controlling shareholders' balance in subsidiaries**

**Non-controlling shareholders' balance in subsidiaries**

	Percentage of ownership %	<u>31/12/2020</u> EGP	<u>31/12/2019</u> EGP
<b>Minya Portland Cement shareholders</b>			
Safari limited for investments	30.72	329 852 163	338 249 008
Industrial Fund for Developing countries	4.64	49 810 241	51 078 230
FLSmith	4.27	45 889 958	47 058 151
National Company for development and trading	--	55 624	57 040
Others	--	334	342
<b>ASECO for Concrete shareholders</b>			
Others	0.01	364	373
		<u>425 608 684</u>	<u>436 443 144</u>

**17. Long term loan**

	<u>31/12/2020</u> EGP	<u>31/12/2019</u> EGP
<b>The balance accrual</b>		
Misr Cement(Qena) company	363 830 626	485 259 211
Minya Portland Cement company	603 909 327	627 399 905
	<u>967 739 953</u>	<u>1 112 659 116</u>
<b>The Current portion</b>		
Misr Cement(Qena) company	(121 428 586)	(121 428 586)
Minya Portland Cement company	(349 489 265)	(325 559 639)
<b>Total of the current portion</b>	<u>(470 917 851)</u>	<u>(446 988 225)</u>
<b>Total long term loans</b>	<u>496 822 102</u>	<u>665 670 891</u>

- The company has acquired a long term loan in November 16th, 2015 amounted to EGP 910,259,259 from the total loans balance of the Company which amounts to EGP 915,000,000 that was given by combined banks (National bank of Egypt, Commercial bank of Egypt and Misr bank) with percentage of 33.3% for each , the National bank of Egypt will be the main facilitator of the loan, the loan was acquired to finance the acquisition (hinted in Note 5), to be settled on 15 payments half annually starting from November 16th, 2015 until November 16th, 2022 with 2.25% interest rate to be added to the average corridor rate of the central bank.
- There is a mortgage on the fixed assets of the Misr Cement Company (Qena) as collateral for the long term loan (Note 5).
- There is a commercial mortgage on all the shares owned by Misr Cement Company (Qena) for the subsidy companies acquired by the company as collateral for the long term loan.
- On December 31,2010 Minya Portland Cement signed a joint loan contract of 1 102 million Egyptian pounds with Arab African International Bank (loan agent).
- On December 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 December 30, 2014 instead of December 30, 2013 each by an amount of 92. 85 million LE and ends on December 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)



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**18. Deferred Tax Assets / (Liabilities)**

	Assets		Liabilities	
	31/12/2020 EGP	31/12/2019 EGP	31/12/2020 EGP	31/12/2019 EGP
Beginning balance for the year	14 593 236	38 291 991	328 663 674	317 003 332
Assets and (liabilities) movements- deferred tax	793 845	(23 698 755)	6 355 503	11 660 342
<b>Ending balance for the year</b>	<b>15 387 081</b>	<b>14 593 236</b>	<b>335 019 177</b>	<b>328 663 674</b>

**19. Provisions**

	Balance as of 1/1/2 020 EGP	Charged during the year EGP	Provision no longer required EGP	Balance as of 31/12/2020 EGP
Tax provision	4 888 529	3 528 202	--	8 416 731
Provision for other claims and litigations	21 269 174	--	--	21 269 174
Provision for claims	38 900 000	430 000	(49 000)	39 281 000
	<b>65 057 703</b>	<b>3 958 202</b>	<b>(49 000)</b>	<b>68 966 905</b>

**20. Credit Facilities**

The balance of the debit current account on December 31, 2020 of Qena Cement Company, has facilities amounted EGP 80 646 375 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**

	31/12/2020 EGP	31/12/2019 EGP
Tax authority	21 161 785	10 731 742
Retention	15 909 922	31 936 885
Liabilities from Finance lease contracts	880 496	6 328 813
Syndicate Stamps	6 402 532	6 042 073
Employees services association	275 708	450 192
Social insurance authority	1 504 758	1 156 923
Tax authority- sales taxes	29 219 457	57 065 678
Production development fees	6 643 073	7 007 452
Accrued debit interests	4 669 160	8 492 036
Accrued expenses	66 678 185	96 455 823
Creditors - Dividends	2 260 314	3 486 153
Other- creditors	16 787 221	23 730 838
	<b>172 392 611</b>	<b>252 884 608</b>

**22. Cost of sales**

	31/12/2020 EGP	31/12/2019 EGP
Depreciation and amortization	142 850 203	147 258 024
Governmental fees	152 182 324	163 771 419
Technical management contract fees- labor supply – maintenance	359 534 679	345 766 441
Electricity and power	1 144 219 872	1 328 591 380
Raw materials and packaging materials	377 584 102	529 502 818
Rent	9 450 730	14 823 696
Change in inventory	(69 654 859)	(54 220 974)
Indirect costs	78 231 387	67 595 471
	<b>2 194 398 438</b>	<b>2 543 088 275</b>

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**23. Selling and marketing expenses**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Depreciation	710 100	817 148
Salaries and wages	12 697 528	11 430 391
Others*	10 258 322	20 323 815
	<b>23 665 950</b>	<b>32 571 354</b>

\* Other expenses for comparative figures include customer incentive, that the titled name was changed to " discount permitted " based on the recommendation of the sales policy committee dated on February 27<sup>th</sup>, 2020 for Misr Cement (Qena), in addition to the discount permitted balance has been reclassified to deduct from sales on January 1<sup>st</sup>, 2020. The total amount of the discount permitted on December 31, 2020 amounted to EGP 13 991 895 "Comparable year December 31, 2019 the total amount of discount permitted amounted to EGP 13 498 916 recorded in marketing and selling expenses.

**24. General and administrative expenses**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Depreciation And Amortization	3 409 517	3 422 859
Salaries and wages	67 928 602	67 224 319
Donations	5 461 616	5 980 008
Insurance expenses	4 652 760	4 543 153
Others	49 838 757	64 227 005
	<b>131 291 252</b>	<b>145 397 344</b>

**25. Other Revenues**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Fixtures remaining	85 800	48 725
Rents	2 642 321	864 419
Revenue from transport ,shipping and handling	135 412 574	248 925 206
Revenue from spare parts	29 289 869	4 880 057
Others	4 856 537	3 284 052
	<b>172 287 101</b>	<b>258 002 459</b>
Transport shipping and handling expenses	(135 412 574)	(248 925 206)
Spare Parts Cost	(29 289 869)	(4 880 057)
	<b>7 584 658</b>	<b>4 197 196</b>

**26. Accrued Income tax**

	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>EGP</b>	<b>EGP</b>
Beginning balance	21 650 583	3 594 218
accrued income tax for the year	20 721 440	21 998 466
Payments to tax authority	(21 930 683)	(3 942 101)
	<b>20 441 340</b>	<b>21 650 583</b>



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**27. Related party transactions**

The transactions with related parties for the year from 1 January 2020 till 31 December 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 that have been recognized in the assets as inventory and fixed assets have been Disposed.

	Sales /service revenue	Purchases /cost of services
Minya Portland Cement	66 068 919	86 982 508
ASECO for ready mix company	16 344 811	16 344 811
	<b>82 413 730</b>	<b>103 327 319</b>

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

	<u>Nature of the relation</u>	<u>Type</u>	<u>31/12/2020</u> EGP
<b>Company</b>			
Misr Insurance	Shareholder	Insurance installments	201 980
South of upper Egypt company (main supplier)	Associate	Sacks supplying	69 768 310

**28. Capital Commitments**

	Currency	Contract amount	Balance as of 31/12/2020
Minya Portland Cement	EGP	28 956 761	18 804 644
Minya Portland Cement	EUR	285 000	3 818 500
<b>Total</b>			<b>22 623 144</b>

**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	5 718 533	Fully covered
Minya Portland Cement	7 492 384	Non-fully covered
	<b>13 210 917</b>	

**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	-	(14 334 613)	14 334 613
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**

	31 December 2019 after update	Adjustments	31 December 2019 before update
Net Sales	3 000 060 997	(122 631 722)	3 122 692 719
Cost of Sales	(2 543 088 275)	106 761 046	(2 649 849 321)
Selling and marketing expenses	(32 571 354)	15 870 676	(48 442 030)

**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 subjecting 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 year are paid.



**31. Tax Situation (follow)**

**a. Corporate taxes (follow)**

**4. Years from 2013/2014**

The Tax authority has ended its inspection on 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 those years.

**5. Years from 2015/2018**

- The company presented the annual tax position at its legal dates.
- The Tax authority didn't inspect the company's documents for year 2019.

**6. Year 2019**

- The company presented the annual tax position at its legal dates.
- The Tax authority didn't inspect the company's documents for year 2019.

**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 deducts the tax from the employees and export it to the tax authority at the legal dates
- The company currently is prepared to be examined for this years.

**3. Year 2019**

- The company deducts tax from the employees and exports it to the tax authority at the legal dates.
- The Tax authority didn't inspect the company's documents for year 2019.

**c. Value added tax (Sales Tax)**

**1. Years from beginning of the activity to 2007**

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

**2. Years from 2008/2010**

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

**3. Years from 2011/2015**

The company was inspected for those years and the differences were paid.

**31. Tax Situation (follow)**

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

**1. Years from 2016/2018**

- The company provided the tax returns on their legal date and the tax authority 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.
- Currently, inspections were prepared for company for those years

**2. Year 2019**

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

**d. Development of the country's financial resources fees**

**1. Years from 5 May 2008 to 2019**

- The company paid the tax till due to date.

**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 resulted 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 form 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 real estate tax authority filed form 3 real estate tax for the lime quarry that the company is licensed to exploit by the Qena governorate, estimating the annual tax at 648 099 Egyptian pounds, with a total tax due 4 860 742 Egyptian pounds until December 31, 2020, in contrast to the delay fee, and the company appealed against it in The legal date
- The real estate tax authority filed form 3 real estate tax for the sand quarry that the company is licensed to use by the governorate of Qena, estimating the annual tax at 32 640 Egyptian pounds, with a total tax due 244 800 Egyptian pounds until December 31, 2020, in addition to the delay fee, and the company appealed against it on time Legal.



### 31. Tax Situation (follow)

#### 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

- The tax Authority has been estimated the examination of the companies for the years 2010 to 2012, and the results of the examination were as follows: -

Year	2010	2011	2012
	EGP	EGP	EGP
Estimated tax base	2 910 156	128 210 667	28 569 788
Estimated tax	852 031	32 052 667	7 142 447
Result of tax report	Nothing	11 (loss)	48 (loss)

- Following to above, the opinion of tax consultant of the company that there is no information or facts to know what is necessary amount to charge tax provision for those years.
- Form 19 has been sent to the company, including an estimated assessment, and the assessment has been challenged at the legal dates. A date is being set to review the challenges before the competent committees.

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

##### Years from 2014 to 2015

The company was inspected and the tax due was settled.

##### Years from 2016 to 2017

- On September 5<sup>th</sup>, 2016 there is a presidential decision 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, within the plan to examine the tax status of major finances on August 13, 2018

**31. Tax Situation (follow)**

**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 year from July 2013 to 2018.
- Payment of EGP 200 000 has been made under Account of real estate tax for the year 2019.
- The fourth Payment amounted to EGP 186 472 was paid.

**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 from the establishment date until 2018 .
- The company has estimated tax from year 2016 till 2018 with amount EGP 101 644 052 and it has been challenged and the examination under review.
- 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.
- The company inspected from the establishment date till year 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 December 2016.
- The company's inspection ended till year 2016 and no balance accrued.
- The company under inspection from year 2017 till 2019.

**D. Stamp tax**

- The company inspected and paid the tax from the establishment date till year 2014.
- The company under inspection from year 2015 till 2018 based on the tax authority request.



### **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 it's spread, The company has formed a risk committee to manage the crisis and the objectives of this year has been defined in maintaining all employees and securing them from corona risks as well as continuing the company's operations, all risks were studied and evaluated and taken a serious of precautionary measures to reduce all risks on employees and to ensure the continuity of the supply chain (operational, manufacturing, sales and collection operations in this year. And there is not effect on the company's current economic situation (it's financial position, business result and cash flow).

And given to of the lack of clarity of the effects that could be caused by the development of the situation related to the effect of the spread of the virus (Covid-19) in the future, the effects of development on the company's activity cannot be determined precisely at the present time.

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, dated on May 24, 2020 and for 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
<p>1- The new Egyptian Accounting Standard No. (47) "Financial Instruments"</p>	<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"> <li>- Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" as amended in 2019.</li> <li>- Egyptian Accounting Standard No. (4) "Statement of Cash Flows".</li> <li>- Egyptian Accounting Standard No. (25) - "Financial Instruments: Presentation.</li> <li>- Egyptian Accounting Standard No. (26) - "Financial Instruments: Recognition and Measurement".</li> <li>- Egyptian Accounting Standard No. (40) - "Financial Instruments: Disclosures".</li> </ul>	<p>The Management has studied the impact of this standard and reached a conclusion that the impact will be immaterial.</p>	<p>This standard (47) applies to financial years beginning on or after January 1st, 2021, 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>-These amendments 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 no 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>	<p>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: A. Egyptian Accounting Standard No. (8) - "Construction Contracts" as amended in 2015. B. Egyptian Accounting Standard No. (11) - "Revenue" as amended in 2015.</p> <p>2- For revenue recognition, Control Model is used instead of Risk and Rewards Model.</p> <p>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</p> <p>4- the standard requires that contract must have a commercial substance in order for revenue to be recognized</p> <p>5- Expanding in the presentation and disclosure requirements.</p>	<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 years beginning on or after January 1st, 2021, and the early implementation thereof is permitted</p>
<p>The new Egyptian Accounting Standard No. (49) "Lease Contracts".</p>	<p>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</p> <p>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.</p> <p>3- As for the lessor, the company shall classify each lease contract, either as an operating lease or a finance lease contract.</p> <p>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.</p> <p>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>	<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 years 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 year in which Law No. (95) of 1995 was revoked and Law No. (176) of 2018 was issued.</p>



**33. New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) but no 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 years beginning on or after January 1st, 2020, and the early implementation thereof is permitted.
Egyptian Accounting Standard No. (42) as amended, consolidated financial statements	<p>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:-</p> <ul style="list-style-type: none"> <li>- EAS NO. (15) "Related Party Disclosures"</li> <li>- EAS NO. (17) "Separate Financial Statements"</li> <li>- EAS NO. (18) "Investments in Associates"</li> <li>- EAS NO. (24) "Income taxes"</li> <li>- EAS NO. (29) "Business Combinations"</li> <li>- EAS NO. (30) "Yearical Financial Statements"</li> <li>- EAS NO. (44) "Disclosure of interest in other entities"</li> </ul>	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 years 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 years beginning on or after January 1st, 2019	<p>- 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.</p> <p>And this explanation allows to keep implementing the previous treatment of existing public service concession exercises that existed before the 1<sup>st</sup> 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"</p>	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 years 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 years beginning on or after January 1st, 2019.



33. **New Issues and Amendments issued to the Egyptian Accounting Standards (EAS) but no adopted (Continued)**

<b>New or Amended Standards</b>	<b>A Summary of the Most Significant Amendments</b>	<b>The Possible Impact on the Financial Statements</b>	<b>Date of Implementation</b>
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 years beginning on or after January 1st, 2019.
<b>New or Amended Standards</b>	<b>A Summary of the Most Significant Amendments</b>	<b>The Possible Impact on the Financial Statements</b>	<b>Date of Implementation</b>
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 years beginning on or after January 1st, 2019.

Managing Director  
 Tarek Talaat Ahmed



Financial Manager  
 Ahmed Abdel Hamid Emam

