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

Separate Financial Statements
For The year Ended December 31, 2022
And Auditor's Report

Contents

KRESTON EGYPT
Tamer Nabarawy & Co.

Translation of Audit's report
Originally issued in Arabic

Auditor's Report

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

Report for the separate financial statements

We have audited the accompanying separate financial statements of MISR CEMENT (QENA) COMPANY (SAE) which comprise the separate statement of financial position as at December 31, 2022 and the separate statements of income, separate comprehensive income, separate changes in equity and separate cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the separate financial statements

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

Auditor's responsibility

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

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

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

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KRESTON EGYPT
Tamer Nabarawy & Co.

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of MISR CEMENT (QENA) COMPANY (S.A.E) as at December 31, 2022 and of its financial performance and its cash flows for the year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these separate financial statements.

Report for the legal and other regulatory requirements

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

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

Cairo: 26 February 2023

Auditor

Gomaa Farag
Financial Regulatory Authority
Register Number (345)
Tamer Nabarawy and Co.
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Separate Statement of Financial Position

	Note	31 December 2022	31 December 2021
		EGP	EGP
Non-current assets			
Fixed assets	(5)	393 075 526	445 220 114
Assets right to use	(6-A)	3 448 500	--
Intangible assets	(7)	2 045 014	1 890 813
Project under construction		1 150 397	130 738
Investments in subsidiaries	(8)	1 158 934 322	1 157 304 322
Financial investments at fair value through OCI	(9)	--	--
Investments in associates	(10)	800 000	800 000
Deferred tax Assets	(18)	10 090 714	14 938 441
Total non-current assets		**1 569 544 473**	**1 620 284 428**
Current assets			
Inventory	(11)	537 500 521	266 438 270
Accounts receivable		--	--
Due from related parties	(12-A)	40 152 850	14 519 521
Debtors and other debit balances	(13)	158 460 768	35 017 377
Cash on hand and at banks	(14)	75 418 569	50 116 217
Total current assets		**811 532 708**	**366 091 385**
Total assets		**2 381 077 181**	**1 986 375 813**
Equity			
Issued and paid-up capital	(15)	720 000 000	720 000 000
Reserves	(16)	210 929 335	206 198 292
Retained earnings		329 284 771	289 530 197
Net Profit for the year		76 271 571	93 810 764
Total Equity		**1 336 485 677**	**1 309 539 253**
Non-current liabilities			
Long term loans	(17)	--	120 973 456
Operating lease liability – non-current portion	(6-B)	2 451 000	--
Deferred tax liabilities	(18)	57 221 519	64 002 746
Total non-current liabilities		**59 672 519**	**184 976 202**
Current liabilities			
Provisions	(19)	45 679 664	69 699 664
Facilities	(21)	195 640 430	48 149 674
Current portion of long-term loans	(17)	120 973 456	121 428 585
Receivables – advance payments		17 909 351	27 296 250
Suppliers and notes payable	(20)	492 718 874	105 268 865
Due to related parties	(12-B)	--	15 060 368
Creditors and other credit balances	(22)	87 578 641	74 063 105
Operating lease liability – current portion	(6-B)	830 019	--
Income tax payable		23 588 550	30 893 847
Total current liabilities		**984 918 985**	**491 860 358**
Total liabilities and equity		**2 381 077 181**	**1 986 375 813**

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

Managing Director	Group Chief Financial	Group Financial Manager
Tarek Talaat	Ramy Morsy	Moustafa Abdel Razek

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

Separate Financial statements For The Year Ended December 31, 2022

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Separate Statement of Income

	Note	31 December 2022 EGP	31 December 2021 EGP
Net Sales		1 263 548 524	1 244 609 122
(Less):			
Cost of sales	(23)	(1 097 625 806)	(1 003 591 945)
Gross profit		**165 922 718**	**241 017 177**
Selling and marketing expenses	(24)	(14 713 684)	(9 823 083)
General and administrative expenses	(25)	(64 761 608)	(73 749 460)
Amortization of intangible assets		(671 207)	(1 662 620)
Other revenue	(26)	4 686 827	1 807 370
Board of directors' salaries, attendance and transportation allowances		(5 540 190)	(5 958 441)
Total expenses		**(80 999 862)**	**(89 386 234)**
Net Operating profits		**84 922 856**	**151 630 934**
Add / (Less):			
Finance expense		(31 784 783)	(43 026 297)
Provisions charged		--	(1 513 759)
Provisions no longer required		20 000 000	--
Capital gains		188 485	40 505
Expected credit loss		(496 524)	(15 861)
Amortization of assets right to use		(313 500)	--
Operating lease interest		(107 686)	--
Foreign currency exchange differences		4 087 530	215 398
Credit interest		5 733 769	5 286 778
Revenue from investments in associate and subsidiaries companies		16 052 775	6 763 889
Net Profits for the year before Taxes		**98 282 922**	**119 381 587**
(Less):			
Income tax		(23 944 851)	(30 893 848)
Deferred Tax		1 933 500	5 323 016
Net Profits for the year After Taxes		**76 271 571**	**93 810 764**
Earnings per share (EGP/Share)	(27)	**0,92**	**1,12**

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Managing Director	Group Chief Financial	Group Financial Manager
Tarek Talaat	Ramy Morsy	Moustafa Abdel Razek

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Separate Statement of Comprehensive Income

	31 December 2022	31 December 2021
	EGP	EGP
Net Profits for the year After Taxes	76 271 571	93 810 764
Add / (Less):		
Other comprehensive income	--	--
Total comprehensive income for the year	**76 271 571**	**93 810 764**

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Managing Director	Group Chief Financial	Group Financial Manager
Tarek Talaat	Ramy Morsy	Moustafa Abdel Razek

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Separate statement of Change in Equity

	Note	Issued and paid up Capital	Reserves	Retained Earnings	Net Profit for the year	Total
31 December 2021		EGP	EGP	EGP	EGP	EGP
Balance at 1 January 2021		720 000 000	199 526 661	282 445 514	47 375 911	1 249 348 086
Adjustments Implementing Standard no (47) financial instruments		--	--	(989 417)	--	(989 417)
Balance after adjustments		**720 000 000**	**199 526 661**	**281 456 097**	**47 375 911**	**1 248 358 669**
Transferred to retained earnings		--	--	47 375 911	(47 375 911)	--
Transferred to Reserves		--	6 671 631	(6 671 631)	--	--
Adjustments on retained earnings		--	--	(8 696 367)	--	(8 696 367)
Distributed Dividends		--	--	(23 933 813)	--	(23 933 813)
Total Comprehensive Income for the year		--	--	--	93 810 764	93 810 764
Balance at 31 December 2021		**720 000 000**	**206 198 292**	**289 530 197**	**93 810 764**	**1 309 539 253**
31 December 2022						
Balance at 1 January 2022		720 000 000	206 198 292	289 530 197	93 810 764	1 309 539 253
Transferred to retained earnings		--	--	93 810 764	(93 810 764)	--
Transferred to Reserves		--	4 731 043	(4 731 043)	--	--
Distributed Dividends		--	--	(49 325 147)	--	(49 325 147)
Total Comprehensive Income for the year		--	--	--	76 271 571	76 271 571
Balance at 31 December 2022		**720 000 000**	**210 929 335**	**329 284 771**	**76 271 571**	**1 336 485 677**

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

Managing Director	Group Chief Financial	Group Financial Manager
Tarek Talaat	Ramy Morsy	Moustafa Abdel Razek

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Separate Statement of Cash Flows

	Note	31 December 2022 EGP	31 December 2021 EGP
Cash Flows from Operating Activities			
Net Profits for the year before taxes		98 282 922	119 381 596
Adjustment to reconcile net profit to cash flow from operating activities			
Depreciation of fixed assets	(22,23,24)	75 694 561	62 160 956
Amortization of intangible assets	(6)	671 207	1 662 620
Revenue from investment		(16 052 775)	(6 763 889)
Expected credit loss		496 524	15 861
Operating lease interest		107 686	--
Amortization of assets right to use		313 500	--
Provisions charged	(19)	--	1 513 759
Provisions no longer required		(20 000 000)	
Capital gains		(188 485)	(40 505)
Foreign currency exchange	(4.1)	(4 087 530)	(215 398)
Debit interest		31 784 783	43 026 297
Credit interest	(4.9)	(5 733 769)	(5 286 778)
Net Operating profits		**161 288 624**	**215 454 519**
Change in inventory	(10)	(291 263 049)	107 475 895
Change in accounts receivables and notes receivables	(11)	--	--
Change in related parties	(12)	(41 205 152)	(12 314 046)
Change in debtors and other debit balances	(13)	(120 094 597)	53 855 102
Change in receivables – advance payments		(9 386 899)	(8 069 101)
Change in suppliers	(20)	387 450 009	(123 484 299)
Change in creditors and other credit balances	(22)	14 184 290	(843 586)
Cash flow from operating activities		**100 973 226**	**232 074 484**
(Payment) of income tax		(31 250 148)	(17 650 271)
Used from provision		(4 020 000)	--
Net cash Flows from operating activities		**65 703 078**	**214 424 213**
Cash flows from investing activities			
(Payments) For purchase fixed assets	(5)	(3 683 310)	(1 176 723)
(Payments) For purchase assets right to use		(588 667)	--
(Payments) For purchase intangible assets		(825 408)	(2 347 216)
Proceeds from sale of fixed assets		522 620	40 505
(Payments) For projects under construction		(1 019 659)	(130 738)
(Payments) For investments in Investments in subsidiaries		(1 630 000)	--
Collected credit interest		5 733 769	5 286 778
Collected from dividends distributions		12 718 912	6 769 280
Net cash Flows from investing activities		**11 228 257**	**8 441 886**
Cash flows from financing activities			
Change in facilities		147 490 756	(32 496 701)
Paid from loans		(121 428 585)	(121 428 585)
Debit interest paid		(32 489 304)	(44 732 765)
Adjustment on retained earning		--	(8 696 367)
Distributed dividends - paid		(49 289 380)	(23 904 301)
Net cash flows from financing activities		**(55 716 513)**	**(231 258 719)**
Net cash and cash equivalents during the year		**21 214 822**	**(8 392 620)**
Foreign Currency exchange differences	(4.1)	4 087 530	215 398
Cash and cash equivalent – beginning of the year		48 765 217	56 942 439
Cash And Cash Equivalent – End of the year		**74 067 569**	**48 765 217**
For the purpose of preparing the statement of cash flow :			
Cash and cash equivalent		75 418 569	50 116 217
(Less):			
Time deposit – maturing after three months		(1 351 000)	(1 351 000)
Cash and cash equivalent – end of the year		**74 067 569**	**48 765 217**

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

Managing Director	Group Chief Financial	Group Financial Manager
Tarek Talaat	Ramy Morsy	Moustafa Abdel Razek

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Notes to the separate Financial Statements

1. About the Company

1.1. Company's Background

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

1.2. Company's purpose

- Cement production in its different forms and other by products ,the production and trading of other construction materials and construction supplies, So in order to attain its purpose the company may import the necessary equipment ,The company may participate in any ways with other companies in conducting similar activities which may help in achieving its purpose in Egypt or abroad, And it also may merge with previously stated bodies or acquire them in accordance with the provision of laws and its executive regulations.

- MISR CEMENT CO, (QENA) COMPANY (S.A.E) assigned the technical management, operation and maintenance of the factory, as well as business consulting for the operation of the quarry to the Arab Swiss Engineering "ASIC ".

- MISR CEMENT CO, (QENA)COMPANY (S.A.E) have assigned operation and supply of raw materials, as well as the work of cutting and indexing of limestone quarry to ASEC Company for Mining " ASCOM"

- From JULY 2022, the company has assigned the technical support to QENA for management and Maintenance Company.

1.3. The Company's Location

- The head office is located in the city of Qeft in Qena Governorate.
- Based on the decision of the Extraordinary General Assembly held on March 30, 2022, the company's head office was changed to be: 22 Anwar Al-Mufti Street - Tiba Project 2000 - Nasr City - Cairo. The entry was made in the commercial register on May 12, 2022.

1.4. The company duration

- The duration of the company is 25 periods starting from the date of the registration in the commercial register
- Based on the decision of the Extraordinary General Assembly held on March 30, 2022, the duration of the company was set to start from May 24, 2022 and end on May 23, 2047 according to the record in the Commercial Register. The entry was made in the commercial register on May 12, 2022.

1.5. Financial year

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

1.6. Approval of the financial statements

The financial statements of the Company for the year ended December 31, 2022 were authorized for issuance in accordance with a resolution of the board of directors on 26 February 2023.

2. Basis For financial statement's preparation

- The separate financial statements of the Company have been prepared in accordance with the Egyptian accounting standards and the applicable laws and regulations.
- The financial statements have been prepared under the going concern assumption and on the historical cost basis under the fair market value.
- The financial statements have been prepared and presented in Egyptian pound, which is the Company's functional currency.

3. Significant accounting estimates and personal judgments

3.1 The significant accounting estimates and assumptions

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

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

a. Income tax

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

b. Expected credit loss in value of commercial debtors.

The evaluation in the value of receivables is mage 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 grated for them and the impairment is recorded with the value of the due amounts on the customers who the Company management sees that their credit position does 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 periodically.

d. Impairment of Inventory

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

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

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

3.3 Fair value measurement

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

4. Significant accounting policies

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

4.1 Foreign currencies translation

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

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

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

4.2 Fixed assets and its Depreciation

a. The first recognition and initial measurement

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

b. Subsequent Cost of acquisition

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 Intangible assets

The intangible assets are initially recognized at the cost then they are recognized at the cost less the accumulated amortization and the accumulated impairment.

The intangible assets with a definite life are amortized throughout the assets' economic life. An impairment test is made whenever there is an indicator of the assets' impairment. The amortization year and method of the intangible assets with a definite life are revised at least once at the end of each fiscal year.

4.4 Projects under construction

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

4. Significant accounting policies (followed)

4.5 Investments in subsidiaries and associates

Investments in subsidiaries and associates are recorded at cost less losses of its impairment, in subsidiaries are accounted for at cost including transaction cost and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the Income Statement for each investment separately.

4.6 Financial investments at fair value through OCI

Financial investments are recognized at fair value through comprehensive income at cost on the date of acquisition. Investments listed on the stock exchange are evaluated at fair value (market value). As for investments not listed on the stock exchange, they are evaluated at their calculated value - according to the studies conducted in this regard - and the value of the resulting differences is recorded. As a special reserve - the differences in the evaluation of financial investments available for sale within shareholders' equity, and when the investment is sold, its share in the special reserve is added to the income statement.
For financial investments at fair value through comprehensive income that are not active (they have no market value in an active market) and whose fair value cannot be determined with a sufficient degree of confidence, these investments are recorded at their acquisition cost, and in the event of a decrease in the value of these investments (impairment), it is Adjusting the book value to the value of this decline and charging it to the income statement for each investment separately.

4.7 Inventory

The Inventory elements are valued as follows:

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

4.8 Revenue

- **Sales**

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

- **Dividends**

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

- **Interest income**

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

4.9 Expected Credit Loss

- The company has two types of financial assets that are subject to the expected credit losses model according to this methodology:

a. Customer balances and notes receivables generated from services to customers
b. Contract principles related to the company's contracts with customers

- The company applies the simplified approach to the impairment of financial assets in accordance with the Egyptian Accounting Standard No. (47) Financial Instruments in order to measure expected credit losses, which uses a provision for expected credit losses over the life time of all customer balances and contract assets with customers

4.9. Expected Credit Loss(followed):

-To calculate the ECL, we depended on the customer and contract assets with customers' balances as a group based on common credit risk characteristics and the number of days past due. Where the assets of the contract with the customer relate to the work in progress that has not been invoiced and has the same risk characteristics as customer balances for the same types of contracts Accordingly, the company concluded that the expected credit loss rates for customer balances are a reasonable approximation of the expected credit loss rates for the assets of contracts with customers.

-ECL rates depended on analyzes of sales payments over the 36 months before December 31, 2021 and the corresponding historical credit losses incurred during this period.

- The default rate calculated through this approach and used to calculate ECL is the company's historical default rates for each level of number of days past due by the company's customers, which is depended on sales payment analyzes over the 36 months before December 31 2021 and the corresponding historical credit losses that have been incurred during this period
- In order to determine losses related to customer balances, notes receivables, and contract assets, the minimum allowable loss in case of failure (Loss Given Default) for each balance at risk is 100% due to the lack of any guarantee with the company.
- The amount that the debtor owes to the company at the time of the failure to pay is known as the balance exposed to failure (Exposure at Default), and the clearing is recognized in the statement of financial position between the balance of the debiting customer and the balance of the same crediting customer, the balance exposed to failure is determined as the unpaid balance on the date of the report, including any interest accrued till the date of the report.
- Egyptian Accounting Standard No. (47) Requires that the purpose of estimating ECL is not a worst-case scenario or a best-case scenario estimate. Instead, the ECL estimate should always reflect the probability that credit losses will occur, even if the most likely outcome is no credit losses. Therefore, the company applies macroeconomic scenarios to expected credit losses, where historical loss rates are adjusted to reflect current and future information about macroeconomic factors that affect the ability of customers to settle outstanding debt balances. The company has determined that the gross domestic product and the current account balance as a percentage of the gross domestic product and the annual change in the rate of inflation "average consumer prices" in the Arab Republic of Egypt, which is the country are sale the goods and the services so these indicators are the most relevant factors and thus adjust the loss rates historical based on expected changes in these factors.

4.10 Provisions

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

4.11 Taxes

- **Income Tax**

Income tax is calculated 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.

- **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. Significant accounting policies (followed)

4.12 Accounts Receivable, notes receivable, debtors and other debit balances and suppliers' advanced payment

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

4.13 Related party transactions

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

4.14 Treasury shares

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

4.15 Legal reserve

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

4.16 General reserve

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

4.17 Capital reserve

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

4.18 Borrowing

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

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

The amortized cost is calculated taking into account any discount or premium on purchase and fees or costs that are part of the effective interest rate. The effective interest rate amortization is included in financing costs in the income statement

4.19 Expenses

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

4.20 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial year of time to get ready for their intended use or sale are capitalized as part of the cost of the assets. All other borrowing costs are expensed in the year in

4.20 Borrowing cost (followed):

which they are incurred. The borrowings costs are represented in interest and other finance costs that company pay to obtain the funds.

4.21 Pension plan for employees

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

4.22 The Contingents Liabilities and Commitments

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

4.23 Dividends

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

4.24 Cash Flow Statement

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

4.25 Cash and cash equivalent

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

4.26 Earnings per share

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

4.27 Capital management

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

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

4.28 Comparative figures

The comparative figures reclassified to comply with current figures.

4.29 Fair value of financial instruments

The financial instruments are represented in the company's financial assets and liabilities and the financial assets include the account receivables, notes receivables and other debt balances and cash on hand and at bank also the financial liabilities include customers advanced payments, contractors, accounts and notes payable and other credit balances.
According to the basis of evaluation followed in evaluating the company's assets and liabilities which is present in the disclosure footnotes of the financial statements, the fair value of the separate financial instruments doesn't differ significantly from its book value at the date of the preparation of the financial statements.

4. Significant accounting policies (followed)

4.30 Financial instruments and risk management related

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

A. Credit risk

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

B. Liquidity risk

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

C. Interest rate risk

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

D. Foreign currency risk

The foreign currency risk is the fluctuation of currency exchange rates since that affect the company's open receivables and payables balance in foreign currency also asset and liability evaluation in foreign currency.

5. Fixed assets

31 December 2022	Land	Buildings and constructions	Machinery and Equipment	Motor Vehicles	Tools	Furniture and Fixtures	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost at 1 January 2022	7 221 739	276 010 861	981 454 250	6 852 244	13 894 694	12 798 875	1 298 232 663
Additions during the year	--	--	6 291 843	--	582 363	3 100 947	9 975 153
Disposals during the year	--	--	--	--	--	(416 814)	(416 814)
Cost at 31 December 2022	**7 221 739**	**276 010 861**	**987 746 093**	**6 852 244**	**14 477 057**	**15 483 008**	**1 307 791 002**
Accumulated depreciation at 1 January 2022	--	185 990 369	640 483 160	6 846 700	8 089 028	11 603 292	853 012 549
Depreciation for the year	--	12 581 588	47 466 797	2 772	951 782	782 706	61 785 645
Accumulated elimination depreciation	--	--	--	--	--	(82 718)	(82 718)
Accumulated depreciation at 31 December 2022	--	**198 571 957**	**687 949 957**	**6 849 472**	**9 040 810**	**12 303 280**	**914 715 476**
Net book value at 31 December 2022	**7 221 739**	**77 438 904**	**299 796 136**	**2 772**	**5 436 247**	**3 179 728**	**393 075 526**

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

	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture and Fixtures EGP	Total EGP
Cost of fully depreciated assets and still being used.	18 012 376	20 779 876	6 838 384	4 651 956	10 894 898	**61 177 490**

- There is a commercial mortgage over fixed assets (machinery and equipment) amounting to EGP 732 525 606 as collateral against the long-term loan (Note 16).
- The machinery and equipment balance includes foreign exchange differences resulting from liabilities associated to the assets amounting to EGP 34 421 282 in addition to an amount of EGP 5 390 150 transferred from Projects Under Constructions

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

Cost of Sales (Note 22)	74 871 872
Selling and marketing expenses (Note 23)	153 408
General and administrative expenses (Note 24)	669 242
	75 694 522

5. Fixed assets (Followed)

	Land EGP	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture and Fixtures EGP	Total EGP
31 December 2021							
Cost at 1 January 2021	7 221 739	276 010 861	981 454 250	6 852 244	13 894 694	12 798 875	1 298 232 663
Additions during the year	--	303 633	--	--	--	873 090	1 176 723
Disposals during the year	--	--	--	--	--	(108 473)	(108 473)
Cost at 31 December 2021	**7 221 739**	**276 010 861**	**981 454 250**	**6 852 244**	**13 894 694**	**12 798 875**	**1 298 232 663**
Accumulated depreciation at 1 January 2021	--	172 990 129	592 505 732	6 843 928	7 166 528	11 453 749	790 960 066
Depreciation for the year	--	13 000 240	47 977 428	2 772	922 500	258 016	62 160 956
Accumulated depreciation of Disposals	--	--	--	--	--	(108 473)	(108 473)
Accumulated depreciation at 31 December 2021	--	**185 990 369**	**640 483 160**	**6 846 700**	**8 089 028**	**11 603 292**	**853 012 549**
Net book value at 31 December 2021	**7 221 739**	**90 020 492**	**340 971 090**	**5 544**	**5 805 666**	**1 195 583**	**445 220 114**

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

	Buildings and Constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture and Fixtures EGP	Total EGP
Cost of fully depreciated assets and still being used.	18 012 376	20 779 876	6 838 384	4 651 956	10 894 898	**61 177 490**

- There is a commercial mortgage over fixed assets (machinery and equipment) amounting to EGP 732 525 606 as collateral against the long term loan (Note 16).
- The machinery and equipment balance includes foreign exchange differences resulting from liabilities associated to the assets amounting to EGP 34 421 282, in addition to an amount of EGP 5 390 150 transferred from Projects Under Constructions
- The depreciation expense charged this year has been allocated to the statement of Income Statement as follows: -

Cost of inventory	58 950 457
Selling and marketing expenses	160 547
General and administrative expenses	300 571
	59 411 575

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6. Assets right to use

a. Assets right to use

	Motor vehicles	Total
	EGP	EGP
Cost as at January 1, 2022	**3 762 000**	**3 762 000**
Additions during the year	3 762 000	3 762 000
Cost as at December31, 2022	**3 762 000**	**3 762 000**
Accumulated depreciation at 1 January, 2022	--	--
amortization of the year	313 500	313 500
Accumulated depreciation at 31 December, 2022	**313 500**	**313 500**
Net book value as at December, 31 ,2022	**3 448 500**	**3 448 500**

b. Operating lease liabilities

Lease liabilities - current portion	830 019	830 019
Lease liabilities – non-current portion	2 451 000	2 451 000
Total	**3 281 019**	**3 281 019**

7.

8. Intangible assets

	31 December 2022	31 December 2021
	EGP	EGP
SAP program	4 357 577	2 010 361
Additions during the year	825 408	2 347 216
Balance at 31 December 2022	**5 182 985**	**4 357 577**
(less):		
Accumulated amortization at 1 January 2022	(2 466 764)	(804 144)
amortization during the year	(671 207)	(1 662 620)
Accumulated amortization on 31 December 2022	**(3 137 971)**	**(2 466 764)**
Net book value on 31 December 2022	**2 045 014**	**1 890 813**

9. Investments in subsidiaries

	Percentage of Ownership	31 December 2022	31 December 2021
		EGP	EGP
Misr Cement Minya Minya portland Previously (S.A.E)	**60.36%**	1 066 863 275	1 066 863 275
Misr cement Beton (S.A.E) ASECO for ready mix previously	**99.90%**	92 071 047	90 441 047
		1 158 934 322	**1 157 304 322**

- The balance of the investment in subsidiaries amounts to EGP 1,157,304,322 includes an amount of EGP 9,325,000 commissions and fees related to the loan acquired by the company to finance the acquisition of and Misr Cement Minya (Minya Portland Previously) (S.A.E) and Misr cement Beton (ASECO for Ready Mix "previously") concrete stock, this amount was added to the cost of the investment due to the need to finance the acquisition with it, a letter was received by the company from the lending bank that the amount will be repaid along with the loan on 15 payments.

- In 1 November 2015 a selling contract was signed between QENA CEMENT (S.A.E) and Misr cement-Beton (S.A.E) (ASECO FOR ready mix) to purchase 44 872 676 common stock owned to Misr Cement Minya (Minya Portland Previously) (S.A.E) which represent 46.48% and it represents its full ownership for the company with a price of EGP 20.75 for each stock, to be total share 58 274 508 common stock which represent 60.36% and purchasing 208 998 shares owned in Misr cement-Beton (S.A.E) (ASECO for ready mix- previously) (S.A.E)

8.Investments in subsidiaries(followed):

Which present 55% and that represents its full ownership in the company with a price of EGP 334.1 for each share in addition to all the commissions and transfer of ownership expenses the company's shares become 363 698 share which represent 99.90%. In addition to brokerage commissions, transfer of ownership and the transfer fees, and on June 28, 2022 the number of shares of Misr cement – Beton company "ASECO ready mix previously" was increased to 379 998 shares which represent 99,90%.

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

10. Financial investments at fair value through OCI

	Percentage of ownership	31 December 2022 EGP	31 December 2021 EGP
The Egyptian African company for investment	3%	--	150 000
(Less):			
Expected credit loss		--	(149 999)
Deposals *		--	(1)
		--	--

- The Extraordinary General Assembly meeting of The Egyptian African Company for Investment and Development was held in May 18th, 2016 and has decided to hold the company's activities that starts 3 years from 30 June 2016 till 30 June 2019 after the company's losses reached EGP 2.95 million as of 31 December 2015. Following to continued losses and not achieving profits, the Extraordinary General Assembly held on June 25, 2019 decision, place the company under liquidation.

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

11. Investments in associates

	Percentage of ownership	31 December 2022 EGP	31 December 2021 EGP
South of Upper Egypt Company for sacks Manufacturing	20%	800 000	800 000
		800 000	**800 000**

12. Inventory

	31 December 2022 EGP	31 December 2021 EGP
Raw materials and packing	35 520 168	13 115 083
Coal and diesel	209 689 353	7 997 643
Spare parts	172 150 075	28 286 200
Work in progress	84 948 547	195 272 769
Finished goods	35 192 378	21 766 575
	537 500 521	**266 438 270**

13. Transactions with related parties

During the year the company and the related parties had a transaction between them based on the general assembly meeting and the most important transaction balances were as follows:

	Nature of the relation	Type	31 December 2022
Misr Insurance	Shareholder	Insurance installments	4 780 611
South of upper Egypt company (main supplier)	Associate company	Supplying bags	102 189 984
Misr Cement Beton (ASECO for ready mix company Previously)	Subsidiary company	Cement sales	29 844 117
Misr Cement Beton (ASECO for ready mix company Previously)	Subsidiary company	Sales / other service	24 072
Misr Cement Beton (ASECO for ready mix company Previously)	Subsidiary company	Rents	372 000
Misr cement minya (Minya portland for cement Previously)	Subsidiary company	Rent revenue	480 000
Misr cement minya (Minya portland for cement Previously)	Subsidiary company	Sales / other service	526 220

12.Transactions with related parties(followed):

A) Due from related parties

	31 December 2022	31 December 2021
	EGP	EGP
Misr cement Beton (S.A.E) (ASECO for Ready Mix-previously)	28 102 449	14 692 239
Misr Cement Minya (Minya portland Previously) (S.A.E)	1 720 118	
Qena for management and maintenance company	11 014 456	
(Less):		
Expected credit loss	(684 173)	(172 718)
	40 152 850	**14 519 521**

B) Due to related parties

	31 December 2022	31 December 2021
	EGP	EGP
Misr Cement Minya (Minya portland Previously) (S.A.E)	--	15 053 887
Qena for management and maintenance company	--	6 481
	--	**15 060 368**

14. Debtors and other debit balances

	31 December 2022	31 December 2021
	EGP	EGP
Due to (ASEC) Managing technical	--	3 247 102
Tax authority–value add tax	44 915 068	6 353 966
Customs duty	12 275 895	431 276
Deposits with others	13 569 635	13 512 935
Prepaid expenses	1 365 298	1 178 020
Cash cover letter of guarantee (Note No. 29)	2 916 000	3 294 000
Letter of credit	20 720 747	--
Advance payments	57 913 425	4 087 795
Employees borrowings	1 200 432	457 208
Other debit balances	2 090 890	4 310 491
Accrued revenue – dividends distribution	3 365 272	31 409
	160 332 662	**36 904 202**
(Less):		
Expected credit loss	(1 871 894)	(1 886 825)
	158 460 768	**35 017 377**

15. Cash on hand and at banks

	31 December 2022	31 December 2021
	EGP	EGP
Current accounts - Local currency	58 373 279	44 812 386
Current accounts - foreign currency	8 061 442	63 604
Time deposits - maturing during three months	1 356 500	1 356 500
Time deposits - maturing after three months	1 351 000	1 351 000
Cash on hand	6 276 348	2 532 727
	75 418 569	**50 116 217**

16. Issued and Paid-Up Capital

- The Company's authorized capital amounts to EGP 600 000 000,while the issued capital amounted to EGP 300 000 000 distributed over 30 000 000 shares of par value EGP 10 each, based on the decision of the extraordinary general assembly held on 22nd of march 2009 the capital was deducted by an amount of EGP 1 220 000 for 122 000 treasury shares, and it was registered in the commercial register in on 5th of July 2009, thus the paid up capital became EGP 298 780 000 distributed over 29 878 000 shares of par value EGP 10 per share
- According to a Board member meeting No (186) held on September12, 2017 and authorized from GAFI on September 25 2017 which decided to increase the capital with amount EGP 301 220 000 divided to 30 122 000 shares at EGP 10 per share, and the issuing capital became EGP 600 000 000 as registered in the commercial register on 31 January 2018 No. 4955
- based on the decision of the extraordinary general assembly held on 28 of March 2018 distribute free stocks about stock for five stocks holders from the retained earnings and the number of shares become 72 000 000 instead of 60 000 000 shares and the paid capital become 720 000 000 Egyptian pound instead of 600 000 000 Egyptian pound as registered in the commercial register on 29 May 2018 No. 23904.
- To become authorized capital amount to EGP 1 500 000 000, and issued and paid-up capital amount to EGP 720 000 000

Distributed on shareholder's as follow:

	No. of shares	Par Value	Capital issuing	Paid up capital	Percentage
		EGP	EGP	EGP	%
NCB Capital Company (NBE)	15 341 386	10	153 413 860	153 413 860	21.31%
Egyptian Federation for Construction and Building Contractors	9 985 317	10	99 853 170	99 853 170	13.87%
Fahd bin Hamad bin Ibrahim Al-Harqan	7 558 151	10	75 581 510	75 581 510	10.50%
Egyptian Company for investment projects	7 251 096	10	72 510 960	72 510 960	10.07%
Egyptian Kuwaiti investment company	7 114 206	10	71 142 060	71 142 060	9.88%
National Investment Bank	6 895 599	10	68 955 990	68 955 990	9.58%
Egypt Company for Life Insurance	6 748 839	10	67 488 390	67 488 390	9.37%
QNB for finance services	4 821 514	10	48 215 140	48 215 140	6.70%
Individuals and IPO	6 283 892	10	62 838 920	62 838 920	8.73%
	72 000 000		**720 000 000**	**720 000 000**	**100%**

17. Reserves

	Legal reserve	General reserve	Capital reserve	Total
	EGP	EGP	EGP	EGP
Balance at beginning of year	**188 277 478**	**10 216 984**	**7 703 830**	**206 198 292**
Charged during the year	4 690 538	--	40 505	4 731 043
Balance as of 31/12/2022	**192 968 016**	**10 216 984**	**7 744 335**	**210 929 335**

18. Long term loans

In November 16th, 2015, the Company has acquired a long term loan amounting to EGP 910 259 259 from total loan amounted EGP 915 000 000 which represents a portion of the loan granted from the banks' association (National Bank of Egypt, Commercial International Bank and Misr Bank) which represents 33.3% for each bank. Conditioning that the National Bank of Egypt will be the main facilitator of the loan, for the purpose of financing the acquisition transactions (Note 7). To be settled on 15 semiannual installments starting from November 16th, 2015 until November 15th, 2023, with 2.25% interest rate plus the average Central Bank corridor rate, according to that, the loan amount in September 30, 2022 became EGP 120 973 456.

	31 December 2022	31 December 2021
	EGP	EGP
Long term loans	120 973 456	242 402 041
Current portion from long term loans	(120 973 456)	(121 428 585)
	--	**120 973 456**

There is a commercial pledge on the fixed assets (machinery and equipment) with amount EGP 732,525,606 as collateral for the long-term loan (Note 5).

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

19. Deferred Tax Assets / (Liabilities)

	Tax Assets		Tax Liabilities	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	EGP	EGP	EGP	EGP
Balance at the beginning of the year	**14 938 441**	**15 387 081**	**64 002 746**	**69 774 402**
Assets (liabilities) deferred tax movements	(4 847 727)	(448 640)	(6 781 227)	(5 771 656)
Balance at the ending of the / year	**10 090 714**	**14 938 441**	**57 221 519**	**64 002 746**

20. Provisions

	Balance as of 1 January 2022	Used during the year	Provision No longer required	Balance as of 31 December 2022
	EGP	EGP	EGP	EGP
Tax provision	8 516 731	(4 020 000)		4 496 731
Provision for current claims and litigations according to legal opinion	21 269 174	--	(20 000 000)	1 269 174
Provision for claims	39 913 759	--	--	39 913 759
	69 699 664	**(4 020 000)**	**(20 000 000)**	**45 679 664**

21. Suppliers and notes payable

	31 December 2022	31 December 2021
	EGP	EGP
Suppliers	364 441 499	105 268 865
Notes payables	128 277 375	--
	492 718 874	**105 268 865**

22. Facilities

The company has facilities in 31 December 2022 amounted EGP 195 640 430 from the National Bank of Egypt to finance the purchase of raw materials and production tools within limited amount to EGP 200 000 000.

23. Creditors and other credit balances

	31 December 2022	31 December 2021
	EGP	EGP
Tax authority	2 166 986	5 008 178
Value added tax on Cement	36 532 781	14 860 102
Production development fees	6 372 190	3 734 437
Retentions	14 752 027	16 111 264
Syndicate Stamps	6 484 160	6 385 852
Employees services association	1 542 621	461 636
Social insurance authority	1 181 458	966 080
Accrued debit interests	2 258 171	2 962 692
Accrued for suppliers (Cement transportation)	257 578	7 153 470
Payables for purchase fixed assets	7 406 832	7 406 832
Credit – Dividends	1 078 904	1 043 137
Solidarity contribution of medical insurance accrual	3 280 951	3 164 024
Other credit balances	4 263 982	4 805 401
	87 578 641	**74 063 105**

24. Cost of Sales

	31 December 2022	31 December 2021
	EGP	EGP
Depreciation	74 871 911	58 950 547
Governmental fees and technical management fees	100 539 641	197 736 951
Packing materials	166 324 544	175 521 075
Electricity and power	673 815 014	530 966 588
Indirect cost *	82 074 696	40 416 784
	1 097 625 806	**1 003 591 945**

* Indirect cost include the amount of self-operating for the factory.

25. Selling and marketing expenses

	31 December 2022	31 December 2021
	EGP	EGP
Salaries and wages	8 965 680	8 011 172
Depreciation	153 408	160 547
Stamps	254 519	171 801
Traveling and Transportation expenses	326 973	150 958
Others expenses	5 013 104	1 328 605
	14 713 684	**9 823 083**

26. General and administrative expenses

	31 December 2022	31 December 2021
	EGP	EGP
Depreciation	669 242	300 571
Salaries and wages	30 309 888	42 077 064
Donations	5 539 314	1 835 912
Insurance Expenses	510 869	3 465 135
Public relations and advertisement expenses	3 705 462	2 015 327
Other services expenses	1 669 623	1 516 668
Training, researches and consulting expenses	2 903 468	2 080 991
Medical and pension funds	1 514 174	2 850 866
Transportation and travelling expenses	1 873 667	471 931
Material and supplies	2 023 239	794 829
Rent and transportation allowances	2 000 775	783 150
Solidarity contribution of medical insurance	3 280 951	3 830 573
Other expenses	8 760 936	11 726 443
	64 761 608	**73 749 460**

27. Other Revenues

	31 December 2022	31 December 2021
	EGP	EGP
Rent	41 391 202	41 159 864
Revenue from Transport, shipping and handling	--	5 987 134
Revenue from spare parts	15 634 433	16 128 506
Miscellaneous revenue	2 157 463	1 721 632
Transport, shipping and handling cost	(38 313 312)	(41 074 126)
Cost from Related parties	--	(5 987 134)
Spare parties' cost	(16 182 959)	(16 128 506)
	4 686 827	**1 807 370**

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28. Earnings per share (EGP / Share)

	31 December 2022	31 December 2021
	EGP	EGP
Net profits for the year	76 271 571	93 810 764
Employees profit share	(7 226 951)	(8 907 972)
Board of directors' bonus	(2 904 256)	(4 417 175)
Remaining profits	**66 140 365**	**80 485 617**
Number of shares	72 000 000	72 000 000
Earnings per share	**0,92**	**1.12**

	31 December 2022	31 December 2021
	EGP	EGP
Expected average of number of shares: 72 000 000 ×12/12=	72 000 000	72 000 000
Expected average of number of shares issued during the year	--	--
	72 000 000	**72 000 000**

29. Comparative numbers

There are adjustments on comparative numbers of financial statements and these are the most important adjusted items:

-Financial position

- Statement of financial position	Dec 31,2021 After adjustments	Settlements	Dec 31,2021 Before Adjustments
Debtors & other debit balances	35 017 377	(625 632)	35 643 009
Due to related parties	15 060 368	6 481	15 053 887
Suppliers and notes payable	105 268 865	(6 481)	105 275 346
Creditors & other credit balances	74 063 105	(625 632)	74 688 737

30. Tax Situation

a) Corporate taxes

An Introduction

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

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

1. Years from beginning of the activity to 2004

All tax differences that are due have been paid.

2. Years from 2005/2007

- The company was inspected in these years the differences were settled and the taxes were paid.
- Tax authority objected on the appeal committee's decision about the provision used for the year 2007 with amount of EGP 11,661,503 based on the fact that the provision represent amounts transferred to abroad and must be subjected to

29.Tax situation (followed):

- article 56 of law 91 for the year 2005 and decided to debit amount and subject it to 20% amounted to EGP 2,915,376 and filed a lawsuit against the company being considered of Qena first instance. The court used experts to consider the difference. We have prepared a note include the legal defense and discussions with the expert about it and issue the expert report that the tax authority does not have the right to subject the provision used according to article 56 from the law no,91 for the year 2005 and its executive regulations an initial judgment was issued in 24 September 2014 for the entitles for the company about this item. The country appeal representative objected on the decision and The appeal is being considered by the competent court, and the Administrative Court of the State Council in Qena issued a decision rejecting the case, and the representative of the state appealed against the ruling and it was transferred to the Supreme Administrative Court in Cairo.

3. Years from 2008/2012

The company was examined for those years and the dispute for that year ended.

4. Years from 2013/2014

The company was examined for those years, and the company paid the original tax according to the forms received from the authority, and a request was submitted to exceed 65% of the compensation for the delay in accordance with the provisions of Law No. 153 of 2022 and is awaiting the Tax authority's response.

5. Years from 2015/2018

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

6. Year 2019/2020

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

b) Salary tax

1. Years from beginning of the activity to 2014

The authority examined those years and ended the dispute over that year.

2. Years from 2015/2019

- The examination of the company for these years was completed, and the company paid the original tax according to the forms received from the authority, and a request was submitted to exceed 65% of the compensation for the delay in accordance with the provisions of Law No. 153 of 2022 and is awaiting the Tax Office's response.

3. Year 2020 / 2022

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

c) Value added tax (Sales Tax)

1. Years from beginning of the activity to 2007

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

2. Years from 2008/2010

The Tax authority inspected the company for that year and form (15 D A M) was issued with differences in sales tax amounting to EGP 1 147 876 and the company has objected on this form and the review was completed by Supreme Committee which reduced the amount to EGP 697 549 and this amount was paid to avoid the penalties, the dispute was referred to the court, the case is being taken to court. A judgment of the Administrative Court was issued acquitting the company from the tax differences for the period from 1/1/2008 to 5/3/2009, with the consequent effects

29.Tax Situation (Followed)

3. Years from 2011/2015

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

4. Years from 2016/2019

The company's documents and books for those years were examined and the due differences were paid according to the forms received from the authority, and a request was submitted to exceed 65% of the additional tax in accordance with the provisions of Law No. 153 of 2022, and awaiting the Tax authority's response.

5. Year 2020/2022

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

D) Development of the country's financial resources fees

1. Years from 5 May 2008 to 30 June 2019

The company paid the tax till due to date.

2. Year 2020

The Tax authority inspected the company's books and documents about this year and the authority issued a claim for the accrued development resources differences amount to EGP 82 388 and was objected on this claim and the dispute is being considered before the internal committee.

3. Year 2021

- The company calculates the fee due in accordance with the law and submits it to the Tax Office on the legal date.
- The Tax Office has reviewed the company's books and documents for that year, and no claims have been issued to the company to date

4. Year 2022

The company calculates the due fee according to the law and supplies it to the tax office on the legal 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 low was enacted as of July 1, 2013 provided that the estimated will be implemented until December 31, 2021 in accordance with low No 4 of 2019 adjusted to law no, 196 of 2008.
- The authority's estimates were relied upon in calculating the tax due on the company for the year 2022, while there were no notifications of the new estimates.
- The company submitted real estate tax returns on its properties in accordance with Law No. 196 of 2008 and its amendments.
- On August 30, 2022, a decision was issued by the Council of Ministers that the Ministry of Finance bears the entire tax due on the built real estate used in a number of activities as of January 1, 2022 and for a period of three years, on the terms of the receipt of the cement activity in item No. 12 in the list of activities for which the Ministry of Finance bears the tax due on Its real estate used in the activity.
- The appeal committee's decision was to estimate the annual tax on the company`s factory by EGP 844 576 which results in an accrued tax till 31 December 2021 by EGP 7 178 896 and delay fee. The company pays the tax due on it, and a case was filed to consider the dispute before the competent court, and the court issued its decision rejecting the case and ending the year on December 31, 2022. The tax office estimated the annual tax due as of January 1, 2022, at EGP 928 901, and the company was notified of this on May 15, 2022, and the tax assessment was challenged.
- The appeal committee`s decision was to estimate the annual tax on Safag`s land for EGP 4 776 and the company paid the accrued tax till 31 December 2022 amount EGP 45 372 and delay fees, the company has paid.

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29.Tax Situation (Followed):

- The real estate tax authority filed form 3 real estate tax on the company`s head office to estimate the annual tax by EGP 55 423 by total of accrued tax of EGP 526 519 till 31 December 2022 and delay fees. and the company the tax till due to date and the forms were appealed to resolve the dispute in front of the appeal committee.
- The real estate tax authority filed form 3 (real estate tax) on the elevating water station for EL- Kalabya canal for EGP 1 155 by total amount EGP 10 973 till 31 December 2022 and delay fees, the company has paid that claim.
- The real estate tax authority filed form 3 real estate tax for the lime quarry that the company is licensed to exploit by the Qena governorate, estimating the annual tax at EGP 648 099, The company appealed against it on the legal date, and the appeal committee issued a decision to reduce the annual tax due for that period from July 2013 to 31 March 2016 to become an amount of EGP 200 872 annually and the approval of the authority for the period from April 1, 2016 to December 31, 2020 at an amount of 648,099 Egyptian pounds annually, and it did not return the tax estimates due for the years 2021/2022
- The real estate tax authority filed form 3 real estate tax for the sand quarry that the company is licensed to use by the governorate of Qena, estimating the annual tax at EGP 32 640 with a total tax due EGP 310 080 until December 31, 2022, and the company appealed against it on time Legal and it was accepted.

31. Contingent liabilities

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

32. Important Events

- The second half of march 2020 have witnessed the beginning of the impact of the outbreak of corona virus on the Egyptian market and the Egyptian government announced unprecedented measures to combat the virus infection and it's spread, The company has formed a risk committee to manage the crisis and the objectives of this year has been defined in maintaining all employees and securing them from corona risks as well as continuing the company's operations, all risks were studied and evaluated and taken a serious of precautionary measures to reduce all risks on employees and to ensure the continuity of the supply chain (operational, manufacturing, sales and collection operations in this year. And there is no 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.
- During the year 2022, the contract with Arab Swiss engineering company – ASEC has been terminated and the company has assigned the technical support to QENA for management and Maintenance Company.

Managing Director	Group Chief Financial	Group Financial Manager
Tarek Talaat	Ramy Morsy	Moustafa Abdel Razek