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

Separate interim Financial Statements
For The period Ended September 30, 2023
And Limited Review Report

Contents

KRESTON EGYPT
Tamer Nabarawy & Co.

Translation of Audit's report
Originally issued in Arabic

Limited Review Report

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

Introduction:

We have performed a limited review for the accompany separate interim financial statements of MISR CEMENT (QENA) COMPANY (S.A.E) which comprise the separate interim statement of financial position as at September 30,2023 and the related separate interim statements of income Separate interim, other comprehensive income Separate interim, change of equity Separate interim and cash flows Separate interim for the Nine-month then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and Fair presentation of these separate interim financial statements in accordance with the Egyptian Accounting Standards, our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.

Scope of limited review

We conducted our limited review in accordance with the Egyptian standard on review engagements 2410 "Limited review of separate interim financial statement performed by the independents Auditor of the entity". A limited review of separate interim financial statements consists of making inquiries primarily to persons responsible for financial and accounting matters in the company and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express such an audit opinion on these separate interim financial statement.

Conclusion:

Based on our limited review, nothing has come to our attention that causes us to believe that the accompany separate interim financial statements do not present fairly, in all material respect the separate interim financial position of MISR CEMENT (QENA) COMPANY (S.A.E) as at September 30, 2023 and its financial performance and its cash flow for the Nine-month ended then, in accordance with Egyptian accounting standards.

Cairo, November 13, 2023

Auditor

Tamer

Tamer Nabarawy
Financial Regulatory Authority
Register Number (389)
Tamer Nabarawy and Co.
KRESTON EGYPT

KRESTON EGYPT
Tamer Nabarwy & Co.
Public Accountants & Consultants

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Separate interim Statement of Financial Position

	Note	30 September 2023	31 December 2022
		EGP	EGP
Non-current assets			
Fixed assets	(5)	406 406 078	393 075 526
Assets right to use	(6-A)	2 884 200	3 448 500
Intangible assets	(7)	1 359 513	2 045 014
Project under construction		6 693 039	1 150 397
Investments in subsidiaries	(8)	1 158 934 322	1 158 934 322
Investments in associates	(9)	800 000	800 000
Deferred tax Assets	(17)	6 484 989	10 090 714
Total non-current assets		**1 583 562 141**	**1 569 544 473**
Current assets			
Inventory	(10)	650 196 808	537 500 521
Due from related parties	(11-A)	29 375 825	40 152 850
Debtors and other debit balances	(12)	223 365 783	158 460 768
Cash on hand and at banks	(13)	39 550 311	75 418 569
Total current assets		**942 488 727**	**811 532 708**
Total assets		**2 526 050 868**	**2 381 077 181**
Equity			
Issued and paid-up capital	(14)	720 000 000	720 000 000
Reserves	(15)	214 931 399	210 929 335
Retained earnings		337 423 071	329 284 771
Net Profit for the period / year		36 506 839	76 271 571
Total Equity		**1 308 861 309**	**1 336 485 677**
Non-current liabilities			
Operating lease liability – non-current portion	(6-B)	1 938 000	2 451 000
Deferred tax liabilities	(17)	55 566 635	57 221 519
Facilities – long term	(20)	203 564 759	--
Total non-current liabilities		**261 069 394**	**59 672 519**
Current liabilities			
Provisions	(18)	45 679 664	45 679 664
Facilities	(20)	196 628 607	195 640 430
Current portion of long-term loans	(16)	60 259 164	120 973 456
Receivables – advance payments		22 583 998	17 909 351
Suppliers and notes payable	(19)	463 692 995	492 718 874
Due to related parties		12 952 302	--
Creditors and other credit balances	(21)	143 932 630	87 578 641
Operating lease liability – current portion	(6-B)	1 268 077	830 019
Income tax payable		9 122 728	23 588 550
Total current liabilities		**956 120 165**	**984 918 985**
Total liabilities and equity		**2 526 050 868**	**2 381 077 181**

- The accompanying notes are an integral part of these separate interim financial statements.
- Limited Review Report attached

Acting as Chief Executive Officer	Group Chief Financial	Group Financial Manager
Bassam Abdelrasol	Ramy Morsy	Moustafa Abdel Razek

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Separate interim Statement of Income

	Note	Nine Months ended 30 September 2023	Nine Months ended 30 September 2022	Three Months ended 30 September 2023	Three Months ended 30 September 2022
		EGP	EGP	EGP	EGP
Net Sales		1 151 967 181	894 222 694	414 637 898	320 526 274
(Less):					
Cost of sales	(22)	(984 304 476)	(791 470 376)	(364 064 242)	(301 473 646)
Gross profit		**167 662 705**	**102 752 318**	**50 573 656**	**19 052 628**
Selling and marketing expenses	(23)	(14 544 582)	(9 433 763)	(2 976 782)	(3 303 164)
General and administrative expenses	(24)	(60 970 324)	(45 495 605)	(22 697 939)	(11 701 141)
Amortization of intangible assets		(685 501)	(486 209)	(193 197)	(162 070)
Other revenue	(25)	(1 491 542)	2 676 668	(89 339)	750 905
Board of directors' salaries attendance and transportation allowances		(8 434 049)	(4 645 213)	(1 439 124)	(1 156 976)
Total expenses		**(86 125 998)**	**(57 384 122)**	**(27 396 381)**	**(15 572 446)**
Net Operating profits		**81 536 707**	**45 368 196**	**23 177 275**	**3 480 182**
Add / (Less):					
Debit interests		(56 730 188)	(22 625 426)	(22 921 782)	(7 463 388)
Expected credit loss		243 136	(824 402)	(84 798)	(666 936)
Provisions no more required		--	20 000 000	--	20 000 000
Capital (losses)		--	(42 086)	--	(42 086)
Foreign currency exchange differences		866 193	6 150 595	12 255	(72 373)
Amortization of right to use assets		(564 300)	--	(188 100)	--
Finance Leasing interest		(180 391)	--	(83 542)	--
Credit interests		1 315 520	4 157 031	68 906	1 859 981
Revenue from investments in associate and subsidiaries companies		20 464 683	15 872 775	(3 168 000)	--
Net Profits for the period before Taxes		**46 951 360**	**68 056 683**	**(3 187 786)**	**17 095 380**
Add / (Less):					
Income Tax		(8 493 680)	(16 669 301)	2 537 867	(1 875 057)
Deferred Tax		(1 950 841)	748 513	(2 443 398)	(2 763 623)
Net Profits For The period After Taxes		**36 506 839**	**52 135 895**	**(3 093 317)**	**12 456 700**
Earnings per share (EGP/Share)	(26)	**0,46**	**0,62**	**(0,04)**	**0,14**

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

Acting as Chief Executive Officer	Group Chief Financial	Group Financial Manager
Bassam Abdelrasol	Ramy Morsy	Moustafa Abdel Razek

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Separate interim Statement of Comprehensive Income

	Nine months ended		Three months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	EGP	EGP	EGP	EGP
Net Profits For The period After Taxes	36 506 839	52 135 895	(3 093 317)	12 456 700
Add / (Less):				
Other comprehensive income	--	--	--	--
Total comprehensive income for the period	**36 506 839**	**52 135 895**	**(3 093 317)**	**12 456 700**

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

Acting as Chief Executive Officer	Group Chief Financial	Group Financial Manager
Bassam Abdelrasol	Ramy Morsy	Moustafa Abdel Razek

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

Separate interim Financial statements For The Period Ended September 30, 2023

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Separate interim statement of Change in Equity

	Issued and Paid up Capital	Reserves	Retained Earnings	Net Profit for the period	Total
Balance at 1 January 2022	EGP	EGP	EGP	EGP	EGP
Transferred to retained earnings	**720 000 000**	**206 198 292**	**289 530 197**	**93 810 764**	**1 309 539 253**
Transferred to reserves	--	--	93 810 764	(93 810 764)	--
Dividends Distribution	--	4 731 043	(4 731 043)	--	--
Total comprehensive income for the period	--	--	(49 325 147)	--	(49 325 147)
Balance at 30September 2022	--	--	--	52 135 895	52 135 895
	720 000 000	**210 929 335**	**329 284 771**	**52 135 895**	**1 312 350 001**
Balance at 1 January 2023	**720 000 000**	**210 929 335**	**329 284 771**	**76 271 571**	**1 336 485 677**
Transferred to retained earnings	--	--	76 271 571	(76 271 571)	--
Transferred to reserves	--	4 002 064	(4 002 064)	--	--
Dividends Distribution	--	--	(64 131 207)	--	(64 131 207)
Total comprehensive income for the period	--	--	--	36 506 839	36 506 839
Balance at 30September 2023	**720 000 000**	**214 931 399**	**337 423 071**	**36 506 839**	**1 308 861 309**

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

Acting as Chief Executive Officer

Bassam Abdelrasol

Group Chief Financial

Ramy Morsy

Group Financial Manager

Moustafa Abdel Razek

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

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Separate interim Statement of Cash Flows

	Note	30 September 2022 EGP	30 September 2023 EGP
Cash Flows From Operating Activities			
Net Profits for the period before taxes		46 951 360	68 056 683
Adjustment to reconcile net profit to cash flow from operating activities			
Depreciation of fixed assets	(5)	38 122 833	46 495 045
Amortization of intangible assets	(6)	685 501	486 209
Amortization of right to use assets		564 300	--
Revenue from investment		(20 464 683)	(15 872 775)
Provisions charged	(18)	180 391	--
Expected credit loss		(243 136)	824 402
Provisions no more required	(18)	--	(20 000 000)
Capital (losses)		--	42 086
Foreign currency exchange	(4.1)	(866 193)	(6 150 595)
Debit interest		56 730 188	22 625 426
Credit interest	(8.4)	(1 315 520)	(4 157 031)
Net Operating profits		**120 345 041**	**92 349 450**
Change in inventory	(10)	(109 744 462)	(31 000 588)
Change in related parties	(11)	24 041 465	(23 988 034)
Change in debtors and other debit balances	(12)	(52 822 502)	(76 529 572)
Change in receivables – advance payments		4 674 647	(10 678 841)
Change in suppliers	(19)	(29 025 879)	261 735 738
Change in creditors and other credit balances	(21)	16 274 055	12 191 117
Repayment of lease obligations		(255 333)	--
Cash flow from operating activities		**(26 512 968)**	**224 079 270**
(Payment) of income tax		(22 959 502)	(31 250 148)
Provisions used		--	(4 020 000)
Net cash Flows from operating activities		**(49 472 470)**	**188 809 122**
Cash flows from investing activities			
(Payments) For purchase fixed assets	(5)	(54 287 050)	(2 524 751)
Proceeds from disposals of fixed assets		--	299 222
(Payment) in projects under construction		(5 542 642)	(995 509)
(Payment) in investments in subsidiaries		--	(1 630 000)
Collected credit interest		1 315 520	4 157 031
Change in Time deposit – maturing after three months		1 351 000	--
Collected from dividends distributions		8 195 008	7 951 065
Net cash Flows from investing activities		**(48 968 164)**	**7 257 058**
Cash flows from financing activities			
Change in facilities		204 552 936	13 805 630
Paid in loans		(60 714 292)	(60 714 293)
Paid Debit interest		(54 339 504)	(17 472 732)
Paid dividends distribution		(26 441 957)	(13 402 315)
Net cash flows from financing activities		**63 057 183**	**(77 783 710)**
Net cash and cash equivalents during the period		**(35 383 451)**	**118 282 470**
Foreign Currency exchange	(4.1)	866 193	6 150 595
Cash and cash equivalent – beginning of the period		74 067 569	48 765 217
Cash And Cash Equivalent – End of the period		**39 550 311**	**173 198 282**
For the purpose of preparing the statement of cash flow :			
Cash and cash equivalent		40 901 311	174 549 282
(Less):			
Time deposit – maturing after three months		(1 351 000)	(1 351 000)
Cash and cash equivalent – end of the period		**39 550 311**	**173 198 282**

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

Acting as Chief Executive Officer	**Group Chief Financial**	**Group Financial Manager**
Bassam Abdelrasol	**Ramy Morsy**	**Moustafa Abdel Razek**

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Notes to the separate interim 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" and during the year 2022, the business was assigned to QENA for management and Maintenance Company.

- 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 period ended September 30, 2023 were authorized for issuance in accordance with a resolution of the board of directors on November 13, 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

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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 .

4. Significant accounting policies (followed)

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.

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5. Fixed assets

30 September 2023	Land EGP	Buildings and constructions EGP	Machinery and Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture and Fixtures EGP	Total EGP
Cost at 1 January 2023	7 221 739	276 010 861	987 746 093	6 852 244	14 477 057	15 483 008	1 307 791 002
Additions during the period	–	400 000	37 329 781	7 208 772	6 418 936	2 929 561	54 287 050
Cost at 30 September 2023	7 221 739	276 410 861	1 025 075 874	14 061 016	20 895 993	18 412 569	1 362 078 052
Accumulated depreciation at 1 2023	–	198 571 957	687 949 957	6 849 472	9 040 810	12 303 280	914 715 476
Depreciation for the period	--	9 426 653	29 575 068	3 205	888 467	1 063 105	40 956 498
Accumulated depreciation at 30 September 2023	–	207 998 610	717 525 025	6 852 677	9 929 277	13 366 385	955 671 974
Net book value at 30 September 2023	7 221 739	68 412 251	307 550 849	7 208 339	10 966 716	5 046 184	406 406 078

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.	24 367 524	57 927 553	6 838 384	4 675 776	11 045 364	104 854 601

- 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)	37 368 056
Selling and marketing expenses (Note 23)	137 819
General and administrative expenses (Note 24)	616 958
	38 122 833

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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 2022							
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 depreciation of Disposals	--	--	--	--	--	(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	74 871 872
Selling and marketing expenses	153 408
General and administrative expenses	669 242
	75 694 522

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6. Assets right to use

a. Assets right to use

	Motor vehicles	Total
	EGP	EGP
Cost as at January 1, 2023	3 762 000	**3 762 000**
Cost as at September 30, 2023	**3 762 000**	**3 726 000**
Accumulated depreciation at 1 January, 2023	313 500	**313 500**
amortization of the period	564 300	**564 300**
Accumulated depreciation at September 30, 2023	**877 800**	**877 800**
Net book value as at March 31,2023	**2 884 200**	**2 884 200**

b. Operating lease liabilities

Lease liabilities - current portion	1 268 077	**1 268 077**
Lease liabilities – non-current portion	1 938 000	**1 938 000**
Total	**3 206 077**	**3 206 077**

7. Intangible assets

	30 September 2023	31 December 2022
	EGP	EGP
SAP program	5 182 985	4 357 577
Additions during the period/year	--	825 408
Balance at 30 June 2023	**5 182 985**	**5 182 985**
(less):		
Accumulated amortization at 1 January 2023	(3 137 971)	(2 466 764)
amortization during the period/year	(685 501)	(671 207)
Accumulated amortization on 30 June 2023	**(3 823 472)**	**(3 137 971)**
Net book value on 30 June 2023	**1 359 513**	**2 045 014**

8. Investments in subsidiaries

	Percentage of Ownership	30 September 2023	31 December 2022
		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	92 071 047
		1 158 934 322	**1 158 934 322**

- 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.

9. Investments in associates

	Percentage of ownership	30 September 2023 EGP	31 December 2022 EGP
South of Upper Egypt Company for sacks Manufacturing	20%	800 000	800 000
		800 000	**800 000**

10. Inventory

	30 September 2023 EGP	31 December 2022 EGP
Raw materials and packing	61 649 665	35 520 168
Coal and diesel	81 891 541	209 689 353
Spare parts	204 911 871	172 150 075
Work in progress	250 608 285	84 948 547
Finished goods	51 135 446	35 192 378
	650 196 808	**537 500 521**

11. 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	30 September 2023
Misr Insurance	Shareholder	Insurance installments	3 399 517
South of upper Egypt company (main supplier)	Associate company	Supplying bags	122 764 250
Misr Cement Beton (ASECO for ready mix company Previously)	Subsidiary company	Cement sales	33 785 727
Misr Cement Beton (ASECO for ready mix company Previously)	Subsidiary company	Rents	279 000
Misr cement minya (Minya portland for cement Previously)	Subsidiary company	Rents	360 000
Misr cement minya (Minya portland for cement Previously)	Subsidiary company	Rent revenue	1 491 654
Qena for Management and Maintenance Company (L.L.C)	Subsidiary company	Technical Support	50 840 133

A) Due from related parties

	30 September 2023 EGP	31 December 2022 EGP
Misr cement Beton (S.A.E) (ASECO for Ready Mix-previously)	28 929 842	28 102 449
Misr Cement Minya (Minya portland Previously) (S.A.E)	818 018	1 720 118
Qena for management and maintenance company	--	11 014 456
	29 747 860	**40 837 023**
(Less):		
Expected credit loss	(372 035)	(684 173)
	29 375 825	**40 152 850**

B) Due to related parties

	30 September 2023	31 December 2022
	EGP	EGP
Misr Cement Minya (Minya portland Previously) (S.A.E)	12 952 302	--
	12 952 302	--

12. Debtors and other debit balances

	30 September 2023	31 December 2022
	EGP	EGP
Tax authority–value add tax	21 855 457	44 915 068
Customs duty	5 721 440	12 275 895
Deposits with others	13 608 635	13 569 635
Prepaid expenses	19 133 853	1 365 298
Cash cover letter of guarantee (Note No.28)	3 780 000	2 916 000
Letter of credit	21 503 147	20 720 747
	9 501 000	--
Advance payments	103 926 301	57 913 425
Employees borrowings	1 786 819	1 200 432
Other debit balances	8 855 080	2 090 890
Accrued revenue – dividends distribution	15 634 947	3 365 272
	225 306 679	**160 332 662**
(less):		
Expected credit loss	(1 940 896)	(1 871 894)
	223 365 783	**158 460 768**

*based on the minutes of the board of directors meeting on March 21, 2023, the company purchased 95,010 shares with par value EGP 100 per share, bringing the total investment amount to EGP 9,501,000 fully paid and it was registered in commercial register on October 17, 2023.

** This balance includes electricity consumption insurance an amount of EGP 22 Million in 30 september 2023 and EGP 22 December 2022

13. Cash on hand and at banks

	30 September 2023	31 December 2022
	EGP	EGP
Current accounts - Local currency	34 161 424	58 385 304
Current accounts - foreign currency	3 447 032	8 061 442
Time deposits - maturing during three months	189 000	1 356 500
Time deposits - maturing after three months	--	1 351 000
Cash on hand	1 752 855	6 264 323
	39 550 311	**75 418 569**

14. 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

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- Based on extra ordinary general assembly on June 25,2023 ,it was decided to increase the Capital through free shares amounted EGP 960 000 000 and it was register in the commercial registry on October 3,2023.

14.Issued and Paid-Up Capital(followed):

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	10 807 200	10	108 072 000	108 072 000	15.01%
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%
Fahd bin Hamad bin Ibrahim Al-Harqan	5 674 723	10	56 747 230	56 747 230	7.88%
QNB for finance services	4 821 514	10	48 215 140	48 215 140	6.70%
Individuals and IPO	7 345 437	10	73 454 370	73 454 370	10.20%
	72 000 000		**720 000 000**	**720 000 000**	**100%**

15. Reserves

	Legal reserve	General reserve	Capital reserve	Total
	EGP	EGP	EGP	EGP
Balance at beginning of year	**192 968 016**	**10 216 984**	**7 744 335**	**210 929 335**
Charged during the period	3 813 579	--	188 485	4 002 064
Balance as of 30/6/2023	**196 781 595**	**10 216 984**	**7 932 820**	**214 931 399**

16. 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 June 30, 2023 became EGP 60 259 164.

	30 September 2023	31 December 2022
	EGP	EGP
Long term loans	60 259 164	120 973 456
Current portion from long term loans	(60 259 164)	(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).

17. Deferred Tax Assets / (Liabilities)

	Tax Assets		Tax Liabilities	
	30/9/2023	31/12/2022	30/9/2023	31/12/2022
	EGP	EGP	EGP	EGP
Balance at the beginning of the year	**10 090 714**	**14 938 441**	**57 221 519**	**64 002 746**
Assets (liabilities) deferred tax movements	(3 605 725)	(4 500 000)	(1 654 884)	(6 781 227)
Balance at the ending of the period / year	**6 484 989**	**10 438 441**	**55 566 635**	**57 221 519**

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18. Provisions

	Balance as of 1 January 2023	Used during the period	Provision No longer required	Balance as of 30 September 2023
	EGP	EGP	EGP	EGP
Tax provision	4 496 731	--	--	4 496 731
Provision for current claims and litigations according to legal opinion	1 269 174	--	--	1 269 174
Provision for claims	39 913 759	--	--	39 913 759
	45 679 664	**--**	**--**	**45 679 664**

19. Suppliers and notes payable

	30 September 2023	31 December 2022
	EGP	EGP
Suppliers	268 185 881	364 441 499
Notes payables	195 507 114	128 277 375
	463 692 995	**492 718 874**

20. Facilities

- The company has facilities in 30 September 2023 amounted EGP 106 628 607 from the National Bank of Egypt to finance the purchase of raw materials and production tools within limited amount to EGP 200 000 000.
- The company has long term facilities in 30 September 2023 amounted EGP 203 564 759 from the National Bank of Egypt to finance the purchase of raw materials and production tools within limited amount to EGP 200 000 000 provided that the full amount of financing is paid at the end of the financing period in one installment.

21. Creditors and other credit balances

	30 September 2023	31 December 2022
	EGP	EGP
Tax authority	9 772 936	2 166 986
Value added tax on Cement	39 480 651	36 532 781
Production development fees	9 185 289	6 372 190
Retentions	13 167 135	14 752 027
Syndicate Stamps	6 538 601	6 484 160
Employees services association	1 142 088	1 542 621
Social insurance authority	1 127 492	1 181 458
Accrued debit interests	4 648 855	2 258 171
Accrued for suppliers (Cement transportation)	3 661 738	257 578
Payables for purchase fixed assets	820 615	7 406 832
Credit – Dividends	38 768 154	1 078 904
Solidarity contribution of medical insurance accrual	6 455 757	3 280 951
Other credit balances	9 163 319	4 263 982
	143 932 630	**87 578 641**

22. Cost of Sales

	Nine months ended		Three months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	EGP	EGP	EGP	EGP
Depreciation	37 368 056	56 137 831	12 615 455	13 126 026
Governmental fees and Technical management fees	42 528 225	94 848 876	14 937 652	14 969 992
Raw and packing materials	141 859 849	130 422 319	54 142 047	41 876 942
Electricity and power	638 976 600	444 891 706	230 411 423	209 358 078
Indirect cost	123 571 746	65 169 644	51 957 665	22 142 608
	984 304 476	**791 470 376**	**364 064 242**	**301 473 646**

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

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23. Selling and marketing expenses

	Nine months ended		Three months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	EGP	EGP	EGP	EGP
Salaries and wages	7 918 663	7 081 169	2 496 364	2 483 203
Depreciation	137 819	113 311	46 745	39 908
Stamps	20 405	192 679	--	37 081
Traveling and Transportation expenses	606 268	96 924	257 635	11 196
Others expenses	5 861 427	1 949 680	176 038	731 776
	14 544 582	**9 433 763**	**2 976 782**	**3 303 164**

24. General and administrative expenses

	Nine months ended		Three months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	EGP	EGP	EGP	EGP
Depreciation	616 958	462 840	113 085	186 605
Salaries and wages	30 225 253	21 373 903	11 041 989	4 105 441
Donations	3 465 913	2 833 427	1 795 186	896 517
Insurance Expenses	149 910	1 221 368	44 906	879 378
Public relations and advertisement expenses	1 705 551	2 612 142	179 934	505 400
Other services expenses	2 232 586	1 722 622	1 043 891	230 765
Training, researches and consulting expenses	3 040 880	1 964 040	1 297 354	864 030
Medical and pension funds	1 129 426	1 509 471	536 830	469 860
Transportation and travelling expenses	1 527 212	1 297 118	439 302	365 849
Material and supplies	1 956 806	1 440 563	571 251	571 921
Rent and transportation allowances	1 076 950	1 279 331	738 100	615 807
Solidarity contribution of medical insurance	3 174 807	2 326 496	1 303 915	868 866
Other expenses	10 668 072	5 452 284	3 592 196	1 140 702
	60 970 324	**45 495 605**	**22 697 939**	**11 701 141**

25. Other (expense) / Revenues

	Nine months ended		Three months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	EGP	EGP	EGP	EGP
Rent	639 000	993 531	263 000	211 908
Revenue from Transport, shipping and handling	37 720 242	28 648 898	13 000 692	10 473 830
Revenue from spare parts	(1 273 168)	3 693 239	--	1 168 980
Miscellaneous revenue	372 167	757 093	247 159	290 964
	37 458 241	**34 092 761**	**13 510 851**	**12 145 682**
(Less):				
Transport, shipping and handling cost	(37 823 093)	(27 722 854)	(13 600 190)	(10 225 797)
Spare parties cost	(1 126 690)	(3 693 239)	--	(1 168 980)
	(1 491 542)	**2 676 668**	**(89 339)**	**750 905**

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26. Earnings per share (EGP / Share)

	Nine months ended		Three months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	EGP	EGP	EGP	EGP
Net profits for the period	36 506 839	52 135 895	(3 093 317)	12 456 700
Employees profit share	(3 468 150)	(4 957 119)	--	(1 183 086)
Board of directors' bonus	--	(2 661 407)	--	(1 064 777)
Remaining profits	**33 038 689**	**44 517 369**	**(3 093 317)**	**10 208 837**
Number of shares	72 000 000	72 000 000	72 000 000	72 000 000
Earnings per share	**0,46**	**0.62**	**(0,04)**	**0.14**

	Nine months ended		Three months ended	
	30 September 2023	30 September 2022	30 September 2023	30 September 2022
	EGP	EGP	EGP	EGP
Expected average of number of shares: 72 000 000 ×9/9=	72 000 000	72 000 000	72 000 000	72 000 000
Expected average of number of shares issued during the period	--	--	--	--
	72 000 000	**72 000 000**	**72 000 000**	**72 000 000**

27. Tax Situation

a) Corporate taxes

An Introduction

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

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

1. **Years from beginning of the activity to 2004**

All tax differences that are due have been paid.

2. **Years from 2005/2007**

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

article 56 of law 91 for the year 2005 and decided to debit amount and subject it to 20% amounted to EGP 2,915,376 and filed a lawsuit against the company being considered of Qena first instance. The court used experts to consider the difference. We have prepared a note include the legal defense and discussions with the expert about it and issue the expert report that the tax authority does not have the right to subject the provision used according to article 56 from the law no,91 for the year 2005 and its executive regulations an initial judgment was issued in 24 September 2014 for the 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 2008/2014**

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

27.Tax Situation(followed):

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 2015/2019

- 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 2019

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

3. Years from 2011/2019

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.

27.Tax Situation (Followed):

c) Value added tax (Sales Tax) Followed

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 2021/2022

- 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 30 June 2023 amount EGP 45 372 and delay fees, the company has paid.
- The real estate tax authority filed form 3 real estate tax on the company`s head office to estimate the annual tax by EGP 55 423 by total of accrued tax of EGP 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.

27.Tax Situation (Followed):

e) Property tax Followed

- 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.

28. Contingent liabilities

	Letter of grantee amount	Covered amount	Uncovered amount
The name of bank issued letter of grantee	EGP	EGP	EGP
National bank of Egypt	3 780 000	3 780 000	--

29. 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).

- 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.

Acting as Chief Executive Officer	Group Chief Financial	Group Financial Manager
Bassam Abdelrasol	Ramy Morsy	Moustafa Abdel Razek