

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

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Separate Financial Statements  
For The year Ended December 31, 2023  
And Auditor's Report

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## 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, 2023 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 Auditing Standards 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.

### 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, 2023 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 for 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, March 3, 2024

Auditor



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



**Misr Cement (Qena) Company (S.A.E)**  
 Separate Financial statements For The year Ended 31 December, 2023

Translation of financial statements  
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## Separate Statement of Financial Position

	Note	<u>31 December 2023</u>	<u>31 December 2022</u>
		EGP	EGP
<b>Non-current assets</b>			
Fixed assets	(5)	397 678 538	393 075 526
Assets right to use	(6-A)	2 696 100	3 448 500
Intangible assets	(7)	1 127 845	2 045 014
Project under construction	(11)	6 682 039	1 150 397
Investments in subsidiaries	(8)	1 168 435 322	1 158 934 322
Investments in associates	(9)	800 000	800 000
Deferred tax Assets	(19)	10 090 714	10 090 714
<b>Total non-current assets</b>		<b>1 587 510 558</b>	<b>1 569 544 473</b>
<b>Current assets</b>			
Inventory	(12)	780 839 391	537 500 521
Due from related parties	(13-A)	23 282 190	40 152 850
Investments at fair value through profit or loss	(10)	15 021 897	--
Debtors and other debit balances	(14)	78 427 094	158 460 768
Cash on hand and at banks	(15)	40 337 825	75 418 569
<b>Total current assets</b>		<b>937 908 397</b>	<b>811 532 708</b>
<b>Total assets</b>		<b>2 525 418 955</b>	<b>2 381 077 181</b>
<b>Equity</b>			
Issued and paid-up capital	(16)	960 000 0000	720 000 000
Reserves	(17)	214 931 399	210 929 335
Retained earnings		97 399 893	329 284 771
Net Profit for the year		75 809 474	76 271 571
<b>Total Equity</b>		<b>1 348 140 766</b>	<b>1 336 485 677</b>
<b>Non-current liabilities</b>			
Operating lease liability – non-current portion	(6-B)	1 767 000	2 451 000
Deferred tax liabilities	(19)	56 995 405	57 221 519
Facilities – long term	(22)	176 199 805	--
<b>Total non-current liabilities</b>		<b>234 962 210</b>	<b>59 672 519</b>
<b>Current liabilities</b>			
Provisions	(20)	65 679 664	45 679 664
Facilities	(22)	208 133 248	195 640 430
Current portion of long-term loans	(18)	--	120 973 456
Receivables – advance payments		20 238 635	17 909 351
Suppliers and notes payable	(21)	486 868 312	492 718 874
Due to related parties	(13-B)	12 451 084	--
Creditors and other credit balances	(23)	115 997 008	87 578 641
Operating lease liability – current portion	(6-B)	757 010	830 019
Income tax payable		32 191 018	23 588 550
<b>Total current liabilities</b>		<b>942 315 979</b>	<b>984 918 985</b>
<b>Total liabilities and equity</b>		<b>2 525 418 955</b>	<b>2 381 077 181</b>

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

**Acting as Chief Executive Officer**

**Bassam Abdelrasol**

**Financial Manager**

**Moustafa Abdel Razek**

**Misr Cement (Qena) Company (S.A.E)**  
 Separate Financial statements For The Year Ended 31 December, 2023

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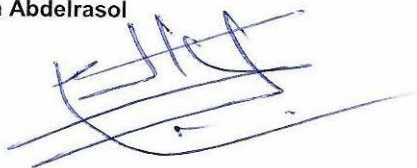
## Separate Statement of Income

	Note	31 December 2023	31 December 2022
		EGP	EGP
Net Sales		1 661 069 711	1 263 548 524
<b>(Less):</b>			
Cost of sales	(24)	( 1 368 322 213)	(1 097 625 806)
<b>Gross profit</b>		<b>292 747 498</b>	<b>165 922 718</b>
Selling and marketing expenses	(25)	( 17 908 217)	(14 713 684)
General and administrative expenses	(26)	(77 430 906)	(64 761 608)
Amortization of intangible assets		( 917 169)	(671 207)
Other (expenses) / revenue	(27)	(641 351)	4 686 827
Board of directors' salaries, attendance and transportation allowances		( 9 235 065)	(5 540 190)
<b>Total expenses</b>		<b>(106 132 708)</b>	<b>(80 999 862)</b>
<b>Net Operating profits</b>		<b>186 614 790</b>	<b>84 922 856</b>
<b>Add / (Less):</b>			
Finance expense		( 81 727 285)	(31 784 783)
Provisions charged		( 20 000 000)	--
Provisions no longer required		--	20 000 000
Capital gains		--	188 485
Gain from Investment at fair value through profit or loss		22 307	--
Reverse / expected credit loss		130 729	(496 524)
Amortization of assets right to use		( 752 400)	(313 500)
Operating lease interest		( 250 940)	(107 686)
Foreign currency exchange differences		495 803	4 087 530
Credit interest		2 424 690	5 733 769
Revenue from investments in associate and subsidiaries companies		20 816 683	16 052 775
<b>Net Profits for the year before Taxes</b>		<b>107 774 377</b>	<b>98 282 922</b>
<b>(Less):</b>			
Income tax		( 32 191 018)	(23 944 851)
Deferred Tax		226 115	1 933 500
<b>Net Profits for the year After Taxes</b>		<b>75 809 474</b>	<b>76 271 571</b>
<b>Earnings per share (EGP/Share)</b>	(28)	<b>0,67</b>	<b>0.68</b>

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

Acting as Chief Executive Officer

Bassam Abdelrasol



Financial Manager

Moustafa Abdel Razek



**Misr Cement (Qena) Company (S.A.E)**  
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**Separate Statement of Comprehensive Income**

	31 December 2023	31 December 2022
	EGP	EGP
Net Profits for the year After Taxes	75 809 474	76 271 571
<b>Add / (Less):</b>		
Other comprehensive income	--	--
<b>Total comprehensive income for the year</b>	<b>75 809 474</b>	<b>76 271 571</b>

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

**Acting as Chief Executive Officer**

**Bassam Abdelrasol**



**Financial Manager**

**Moustafa Abdel Razeq**





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**Separate statement of Change in Equity**

	<u>31 December 2022</u>	<u>31 December 2023</u>			
	Issued and Paid up Capital EGP	Reserves EGP	Retained Earnings EGP	Net Profit for the year EGP	Total EGP
<b>Balance at 1 January 2022</b>	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)	--	--
Dividends Distribution	--	--	(49 325 147)	--	(49 325 147)
Total comprehensive income for the year	--	--	--	76 271 571	76 271 571
<b>Balance at 31 December 2022</b>	<b>720 000 000</b>	<b>210 929 335</b>	<b>329 284 771</b>	<b>76 271 571</b>	<b>1 336 485 677</b>
<b>Balance at 1 January 2023</b>	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)	--
Capital increase	240 000 000	--	(240 000 000)	--	--
Transferred to reserves	--	4 002 064	(4 002 064)	--	--
Dividends Distribution	--	--	(64 154 385)	--	(64 154 385)
Total comprehensive income for the year	--	--	--	75 809 474	75 809 474
<b>Balance at 31 December 2023</b>	<b>960 000 000</b>	<b>214 931 399</b>	<b>97 399 893</b>	<b>75 809 474</b>	<b>1 348 140 766</b>

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

**Acting as Chief Executive Officer**

**Bassam Abdelrasol**



**Financial Manager**

**Moustafa Abdel Razeq**



**Misr Cement (Qena) Company (S.A.E)**  
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**Separate Statement of Cash Flows**

	Note	31 December 2023	31 December 2022
		EGP	EGP
<b>Cash Flows from Operating Activities</b>			
Net Profits for the year before taxes		107 774 377	98 282 922
<b>Adjustment to reconcile net profit to cash flow from operating activities</b>			
Depreciation of fixed assets	(5)	49 430 406	75 694 561
Amortization of intangible assets	(7)	917 169	671 207
Amortization of assets right to use	(6)	752 400	313 500
Revenue from investments		(20 816 683)	(16 052 775)
Operating lease interest		250 940	107 686
Gain from investment at fair value through profit and loss		(22 307)	--
Reverse / Expected credit loss		(130 729)	496 524
Provision charged		20 000 000	
Provisions no longer required		--	(20 000 000)
Capital losses		--	(188 485)
Foreign currency exchange		(495 803)	(4 087 530)
Debit interest		81 727 285	31 784 783
Credit interest		(2 424 690)	(5 733 769)
<b>Net Operating profits</b>		<b>236 962 365</b>	<b>161 288 624</b>
Change in inventory	(12)	(241 191 872)	(291 263 049)
Change in related parties	(13)	29 140 909	(41 205 152)
Change in debtors and other debit balances	(14)	79 562 944	(120 094 597)
Change in receivables – advance payments		2 329 284	(9 386 899)
Change in suppliers	(21)	(5 850 562)	387 450 009
Change in creditors and other credit balances	(23)	27 594 284	14 184 290
Paid from operating lease contracts		(1 007 949)	--
<b>Cash flow from operating activities</b>		<b>127 539 403</b>	<b>100 973 226</b>
(Payment) of income tax		(23 588 550)	(31 250 148)
Used from provisions		--	(4 020 000)
<b>Net cash Flows from operating activities</b>		<b>103 950 853</b>	<b>65 703 078</b>
<b>Cash flows from investing activities</b>			
(Payments) For purchase fixed assets	(5)	(56 180 416)	(3 683 310)
(Payments) For purchase assets right to use		--	(588 667)
(Payments) For purchase intangible assets		--	(825 408)
Proceeds from sale of fixed assets		--	522 620
(Payments) For projects under construction		(5 531 642)	(1 019 659)
(Payments) For investments in Investments in subsidiaries		--	(1 630 000)
(payments) For investments through profit or loss		(14 999 590)	--
Collected credit interest		2 424 690	5 733 769
Change in time deposits (maturing after three months)		1 351 000	--
Collected from dividends distributions		21 598 978	12 718 912
<b>Net cash Flows from investing activities</b>		<b>(51 336 980)</b>	<b>11 228 257</b>
<b>Cash flows from financing activities</b>			
Change in facilities		188 692 623	147 490 756
Paid from loans		(120 973 456)	(121 428 585)
Debit interest paid		(80 630 750)	(32 489 304)
Paid in Investments in associates		(9 501 000)	--
Dividends distributions - paid		(64 426 837)	(49 289 380)
<b>Net cash flows from financing activities</b>		<b>(86 839 420)</b>	<b>(55 716 513)</b>
<b>Net cash and cash equivalents during the year</b>		<b>(34 225 547)</b>	<b>21 214 822</b>
Foreign Currency exchange differences		495 440	4 087 530
Cash and cash equivalent – beginning of the year		74 067 569	48 765 217
<b>Cash And Cash Equivalent – End of the year</b>	(15)	<b>40 337 825</b>	<b>74 067 569</b>

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

Acting as Chief Executive Officer

Bassam Abdelrasol



Financial Manager

Moustafa Abdel Razek



## 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 " and during the year 2022, the business was assigned to QENA for management and Maintenance Company.
- 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, 2023 were authorized for issuance in accordance with a resolution of the board of directors on 3 March 2024

### 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 made through debt aging. The Company management is studying the credit position and the ability of payments of the customers who their numerous debts are due during the credit limit granted 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 year.
- 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 year
- 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.

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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 .

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**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.



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**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 <sup>قيمة</sup> 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**

31 December 2023	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 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 year	--	400 000	38 470 131	7 175 000	6 722 253	3 413 032	56 180 416
Cost at 31 December 2023	7 221 739	276 410 861	1 026 216 224	14 027 244	21 199 310	18 896 040	1 363 971 418
Accumulated depreciation at 1 January 2023	--	198 571 957	687 949 957	6 849 472	9 040 810	12 303 280	914 715 476
Depreciation for the year	--	12 539 901	35 182 520	395 689	1 898 287	1 561 007	51 577 404
Accumulated depreciation at 31 December 2023	--	211 111 858	723 132 477	7 245 161	10 939 097	13 864 287	966 292 880
Net book value at 31 December 2023	7 221 739	65 299 003	303 083 747	6 782 083	10 260 213	5 031 753	397 678 538

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

Cost of fully depreciated assets and still being used.	Buildings and Constructions	Machinery and Equipment	Motor Vehicles	Tools	Furniture and Fixtures	Total
	EGP	EGP	EGP	EGP	EGP	EGP
	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 24)	41 337 579
Selling and marketing expenses (Note 25)	184 565
General and administrative expenses (Note 26)	1 578 262
	<b>49 430 406</b>

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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
<b>31 December 2022</b>							
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)
<b>Cost at 31 December 2022</b>	<b>7 221 739</b>	<b>276 010 861</b>	<b>987 746 093</b>	<b>6 852 244</b>	<b>14 477 057</b>	<b>15 483 008</b>	<b>1 307 791 002</b>
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)
<b>Accumulated depreciation at 31 December 2022</b>	<b>--</b>	<b>198 571 957</b>	<b>687 949 957</b>	<b>6 849 472</b>	<b>9 040 810</b>	<b>12 303 280</b>	<b>914 715 476</b>
<b>Net book value at 31 December 2022</b>	<b>7 221 739</b>	<b>77 438 904</b>	<b>299 796 136</b>	<b>2 772</b>	<b>5 436 247</b>	<b>3 179 728</b>	<b>393 075 526</b>

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	-74 871 911
Selling and marketing expenses	153 408
General and administrative expenses	669 242
	<b>75 694 561</b>



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**6. Assets right to use**

**a. Assets right to use**

	<b>Motor vehicles</b>	<b>Total</b>
	<b>EGP</b>	<b>EGP</b>
Cost as at January 1, 2023	3 762 000	3 762 000
Cost as at December 31, 2023	<b>3 762 000</b>	<b>3 762 000</b>
Accumulated depreciation at 1 January, 2023	313 500	313 500
amortization of the year	752 400	752 400
Accumulated depreciation at December 31, 2023	<b>1 065 900</b>	<b>1 065 900</b>
Net book value as at December 31,2023	<b>2 696 100</b>	<b>2 696 100</b>

**b. Operating lease liabilities**

Lease liabilities – current portion	757 010	757 010
Lease liabilities – non-current portion	1 767 000	1 767 000
<b>Total</b>	<b>2 524 010</b>	<b>2 524 010</b>

**7. Intangible assets**

	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>EGP</b>	<b>EGP</b>
SAP program	5 182 985	4 357 577
Additions during the year	--	825 408
<b>Balance at 31 December 2023</b>	<b>5 182 985</b>	<b>5 182 985</b>
<b>(less):</b>		
Accumulated amortization at 1 January 2023	( 3 137 971)	(2 466 764)
amortization during the year	(917 169)	(671 207)
<b>Accumulated amortization on 31 December 2023</b>	<b>( 4 055 140)</b>	<b>(3 137 971)</b>
<b>Net book value on 31 December 2023</b>	<b>1 127 845</b>	<b>2 045 014</b>

**8. Investments in subsidiaries**

	<b>Percentage of Ownership</b>	<b>31 December 2023</b>	<b>31 December 2022</b>
		<b>EGP</b>	<b>EGP</b>
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)	99.90%	92 071 047	92 071 047
ASECO for ready mix previously		9 501 000	
Misr Cement Maintenance	47,505%	9 501 000	
		<b>1 168 435 322</b>	<b>1 158 934 322</b>

- The balance of the investment in subsidiaries amounts to EGP1 168 435 322 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.

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### 8. Investments in subsidiaries(followed):

- 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)

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%.

- There is a commercial pledge valid on all shares owned by the company in the acquired subsidiaries as security for long-term loans.

- Based on the minutes of the Board of Directors meeting held on March 30, 2023, 95 010 shares were purchased with a par value of 100 pounds per share, bringing the total investment to a value of EGP 9 501 000, fully paid, and it was amended in the commercial register on October 17, 2023.

### 9. Investment in associates

	Percentage of ownership	31 December 2023	31 December 2022
		EGP	EGP
South of Upper Egypt Company for sacks Manufacturing	20%	800 000	800 000
		<b>800 000</b>	<b>800 000</b>

### 10. Investments designated at fair value through profit or loss

	Number of funds	Purchase price	Purchase Value	Valuation	31 December 2023	Gain from revaluation
Themar Funds	26 274	571	14 999 590	572	15 021 897	22 307

### 11. Projects under construction

	31 December 2023	31 December 2022
	EGP	EGP
Programs	5 604 897	830 555
Building maintenance	1 052 992	295 692
others	24 150	24 150
	<b>6 682 039</b>	<b>1 150 397</b>

### 12. Inventory

	31 December 2023	31 December 2022
	EGP	EGP
Raw materials and packing	47 785 300	35 520 168
Coal and diesel	17 634 106	209 689 353
Spare parts	225 889 041	172 150 075
Work in progress	448 608 017	84 948 547
Finished goods	40 922 927	35 192 378
	<b>780 839 391</b>	<b>537 500 521</b>

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### 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 2023
Misr Insurance	Shareholder	Insurance installments	7 817 339
South of upper Egypt company (main supplier)	Associate company	Supplying bags	163 674 500
Misr Cement Beton (ASECO for ready mix company Previously)	Subsidiary company	Cement sales	37 637 919
Misr Cement Beton (ASECO for ready mix company Previously)	Subsidiary company	Rents	310 000
Misr cement minya (Minya portland for cement Previously)	Subsidiary company	Sales	1 491 654
Misr cement minya (Minya portland for cement Previously)	Subsidiary company	Rent	480 000
Qena for Management and Maintenance Company (L.L.C)	Subsidiary company	Technical Support	132 273 484

#### A) Due from related parties

	31 December 2023	31 December 2022
	EGP	EGP
Misr cement Beton (S.A.E) (ASECO for Ready Mix-previously)	22 619 805	28 102 449
Misr Cement Minya (Minya portland Previously) (S.A.E)	1 527 393	1 720 118
Qena for management and maintenance company	--	11 014 456
	<b>24 147 198</b>	<b>40 837 023</b>
<b>(Less):</b>		
Expected credit loss	(865 008)	(684 173)
	<b>23 282 190</b>	<b>40 152 850</b>

#### B) Due to related parties

	31 December 2023	31 December 2022
	EGP	EGP
Misr Cement Minya (Minya portland Previously) (S.A.E)	12 451 084	--
	<b>12 451 084</b>	<b>--</b>

### 14. Debtors and other debit balances

	31 December 2023	31 December 2022
	EGP	EGP
Tax authority–value add tax	21 764 470	44 915 068
Customs duty	5 497 872	12 275 895
Deposits with others	13 608 635	13 569 635
Prepaid expenses	2 399 024	1 365 298
Cash cover letter of guarantee (Note No.28)	4 320 000	2 916 000
Letter of credit	--	20 720 747
Advance payments	18 503 780	57 913 425
Employees borrowings	1 099 169	1 200 432
Other debit balances	10 211 497	2 090 890
Accrued revenue – dividends distribution	2 582 977	3 365 272
	<b>79 987 424</b>	<b>160 332 662</b>
<b>(less):</b>		
Expected credit loss	(1 560 330)	(1 871 894)
	<b>78 427 094</b>	<b>158 460 768</b>



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

	31 December 2023	31 December 2022
	EGP	EGP
Current accounts - Local currency	20 571 182	58 385 304
Current accounts - foreign currency	790 700	8 061 442
Time deposits - maturing during three months	18 975 943	1 356 500
Time deposits - maturing after three months	--	1 351 000
Cash on hand	--	6 264 323
	<b>40 337 825</b>	<b>75 418 569</b>

**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 September 12, 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
- 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.
- The company's issued capital will be EGP 1 500 000 000, and the company's issued and paid-up capital will be EGP 960 000 000, distributed among the shareholders as follows:

	No. of shares	Par Value	Capital Issuing	Paid up capital	Percentage
		EGP	EGP	EGP	%
NCB Capital Company (NBE)	20 455 181	10	204 551 810	204 551 810	21.31%
Egyptian Federation for Construction and Building Contractors	14 409 599	10	144 095 990	144 095 990	15.01%
Egyptian Company for investment projects	9 668 127	10	96 681 270	96 681 270	10.07%
Egyptian Kuwaiti investment company	9 485 607	10	94 856 070	94 856 070	9.88%
National Investment Bank	9 194 131	10	91 941 310	91 941 310	9.58%
Egypt Company for Life Insurance	8 998 451	10	89 984 510	89 984 510	9.37%
QNB for finance services	6 428 685	10	64 286 850	64 286 850	6.70%
Individuals and IPO	17 360 219	10	173 602 190	173 602 190	18.09%
	<b>96 000 000</b>		<b>960 000 000</b>	<b>960 000 000</b>	<b>100%</b>

**17. 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 year	3 813 579	--	188 485	4 002 064
Balance as of 31/12/2023	<b>196 781 595</b>	<b>10 216 984</b>	<b>7 932 820</b>	<b>214 931 399</b>

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**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 16<sup>th</sup>, 2015 until November 15<sup>th</sup>, 2023, with 2.25% interest rate plus the average Central Bank corridor rate, according to that, the loan amount in September 30, 2023 became EGP 60 259 164.

	<u>31 December 2023</u>	<u>31 December 2022</u>
	EGP	EGP
Long term loans	--	120 973 456
Current portion from long term loans	--	(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)**

	<u>Tax Assets</u>		<u>Tax Liabilities</u>	
	<u>31/12/2023</u>	<u>31/12/2022</u>	<u>31/12/2023</u>	<u>31/12/2022</u>
	EGP	EGP	EGP	EGP
<b>Balance at the beginning of the year</b>	<b>10 090 714</b>	<b>14 938 441</b>	<b>57 221 519</b>	<b>64 002 746</b>
Assets (liabilities) deferred tax movements	--	(4 847 727)	(226 114)	(6 781 227)
<b>Balance at the ending of the year</b>	<b>10 090 714</b>	<b>10 090 714</b>	<b>56 995 405</b>	<b>57 221 519</b>

**20. Provisions**

	<u>Balance as of 1 January 2023</u>	<u>Used during the year</u>	<u>Provision No longer required</u>	<u>Balance as of 31 December</u>
	EGP	EGP	EGP	EGP
Tax provision	4 496 731	--	20 000 000	24 496 731
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
	<b>45 679 664</b>	<b>--</b>	<b>20 000 000</b>	<b>65 679 664</b>

- The provision for claims represents what has been created to meet any claims expected to be made by an external party. The company did not disclose information about the provisions due to management's belief that doing so would be expected to strongly affect the results of the negotiations with the external party. The management reviews these allocations annually and also adjusts the provision value according to the latest developments, discussions and agreements with the external party.

**21. Suppliers and notes payable**

	<u>31 December 2023</u>	<u>31 December 2022</u>
	EGP	EGP
Suppliers	198 106 039	364 441 499
Notes payables	288 762 273	128 277 375
	<b>486 868 312</b>	<b>492 718 874</b>

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**22. Facilities**

- The company has facilities in 31 December 2023 amounted EGP 208 133 248 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 31 December 2023 amounted EGP 176 199 805 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 year in one installment.

**23. Creditors and other credit balances**

	<u>31 December 2023</u>	<u>31 December 2022</u>
	EGP	EGP
Tax authority	1 659 978	2 166 986
Value added tax on Cement	48 978 042	36 532 781
Production development fees	9 564 885	6 372 190
Retentions	14 588 859	14 752 027
Syndicate Stamps	6 674 426	6 484 160
Employees services association	765 581	1 542 621
Social insurance authority	1 055 416	1 181 458
Accrued debit interests	3 354 706	2 258 171
Accrued for suppliers (Cement transportation)	3 328 953	257 578
Payables for purchase fixed assets	6 537 965	7 406 832
Credit – Dividends	806 452	1 078 904
Solidarity contribution of medical insurance accrual	7 764 340	3 280 951
Other credit balances	10 917 405	4 263 982
	<b>115 997 008</b>	<b>87 578 641</b>

**24. Cost of Sales**

	<u>31 December 2023</u>	<u>31 December 2022</u>
	EGP	EGP
Depreciation	47 667 579	74 871 911
Governmental fees and technical management fees	59 326 203	100 539 641
Packing materials	190 019 190	166 324 544
Electricity and power	885 650 178	673 815 014
Indirect cost *	185 659 060	82 074 696
	<b>1 368 322 213</b>	<b>1 097 625 806</b>

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

**25. Selling and marketing expenses**

	<u>31 December 2023</u>	<u>31 December 2022</u>
	EGP	EGP
Salaries and wages	10 186 922	8 965 680
Depreciation	184 565	153 408
Stamps	21 902	254 519
Traveling and Transportation expenses	667 957	326 973
Others expenses	6 846 871	5 013 104
	<b>17 908 217</b>	<b>14 713 684</b>

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**26. General and administrative expenses**

	31 December 2023	31 December 2022
	EGP	EGP
Depreciation	1 578 262	669 242
Salaries and wages	38 546 886	30 309 888
Donations	4 076 881	5 539 314
Insurance Expenses	206 352	510 869
Public relations and advertisement expenses	2 107 478	3 705 462
Other services expenses	3 102 914	1 669 623
Training, researches and consulting expenses	3 072 791	2 903 468
Medical and pension funds	1 440 922	1 514 174
Transportation and travelling expenses	2 174 330	1 873 667
Material and supplies	2 721 303	2 023 239
Rent and transportation allowances	1 235 450	2 000 775
Solidarity contribution of medical insurance	4 483 390	3 280 951
Other expenses	12 683 947	8 760 936
	<b>77 430 906</b>	<b>64 761 608</b>

**27. Other (expense) / Revenues**

	31 December 2023	31 December 2022
	EGP	EGP
Revenue from Transport, shipping and handling	52 104 690	41 391 202
Revenue from spare parts	145 788	15 634 433
Miscellaneous revenue	1 386 236	2 157 463
<b>(Less):</b>	<b>53 636 714</b>	<b>59 183 098</b>
Transport, shipping and handling cost	( 51 898 664)	(38 313 312)
spare parts cost	(2 379 401)	(16 182 959)
	<b>(641 351)</b>	<b>4 686 827</b>

**28. Earnings per share (EGP / Share)**

	31 December 2023	31 December 2022
	EGP	EGP
Net profits for the year	75 809 474	76 271 571
Employees profit share	(7 201 900)	(7 226 951)
Board of directors' bonus	(4 081 710)	(4 121 219)
<b>Remaining profits</b>	<b>64 525 864</b>	<b>64 904 552</b>
Number of shares	96 000 000	96 000 000
<b>Earnings per share</b>	<b>0,67</b>	<b>0,68</b>
	<b>31 December 2023</b>	<b>31 December 2022</b>
	<b>EGP</b>	<b>EGP</b>
Expected average of number of shares:		
96 000 000 × 12/12=	96 000 000	96 000 000
	<b>96 000 000</b>	<b>96 000 000</b>



## 29. 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 defence 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.

#### 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 office sent an estimated form (19 taxes) for those years, including the corporate tax of the amount EGP 315 260 095 and differences in Article (56) in the amount of EGP 29 939 425. The form was appealed within the legal dates, and the actual examination of the company's books and documents was re-examined. The examination resulted in tax differences as follows:

- Corporate tax differences amounting to EGP 28 652 192.
- Article 56 differences amounting to EGP 59 526.
- Article 147 container amounting to EGP 5 182 000

This is in addition to the delay fee and the additional tax, and due to the presence of major points of disagreement between the company and the tax office, the re-examination memorandum was appealed within the legal deadline to discuss the items of disagreement before the competent committee.

#### 6. Year 2019

-The Tax authority examined the company's books and documents for that period. Form (19 Taxes) was sent via the electronic portal of the Tax Authority, including the corporate tax differences in the amount of EGP 7 824 204, in addition to the delay fee and the additional tax. Due to the presence of major points of disagreement between the company and the Tax Authority, the form was appealed. Within the legal deadline for discussing the disputed items before the competent committee.

#### 7. Year 2020/2022

- Based on the Article (41) of the Unified Tax Procedures Law No. 206 of 2020 and Article (49) of the executive regulations of the same law, the mission of the tax center for its major financiers has decided to conduct the examination for those years electronically, and therefore all documents and data necessary for examination must be sent within fifteen days from the date of receiving the notification form for the examination electronically through the authority system
- The company presented the annual tax position at its legal dates.
- The tax authority did not inspect the company for those years.

**29. Tax Situation (Followed):**

**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. Year 2020 / 2023**

- 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 years.

**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 year 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.

**5. Years from 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 2022**

-The Tax Office has reviewed the company's books and documents for that period, and no claims have been issued to the company for the year 2021 while the differences for the year 2022 were in the amount of EGP 28. There is also a delay charge as a result of the delay in monthly payments in the amount of EGP 262 057.

**2. Year 2023**

- The company calculates the fee due in accordance with the law and submits it to the Tax authority on the legal date.

**e) Property tax**

- 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, 2021. 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 2023 amount EGP 45 372 and delay fees, the company has paid.



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**29. Tax Situation (Followed):**

**e) Property tax (Followed):**

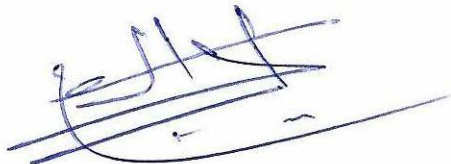
- The real estate tax authority filed form 3 real estate tax on the company's head office to estimate the annual tax by EGP 55 423 by total of accrued tax of EGP 526 519 till 31 December 2022 and delay fees. and the company the tax till due to date and the forms were appealed to resolve the dispute in 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 year from 1 July 2013 to 31 March 2016 to become an amount of EGP 200 872 annually and the approval of the authority for the year 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.

**30. Contingent liabilities**

The name of bank issued letter of grantee	<u>Letter of grantee amount</u>	<u>Covered amount</u>	<u>Uncovered amount</u>
	EGP	EGP	EGP
National bank of Egypt	4 320 000	4 320 000	--

**Acting as Chief Executive Officer**

**Bassam Abdelrasol**



**Financial Manager**

**Moustafa Abdel Razek**

