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

Separate Financial Statements
For The Year Ended December 31, 2024
And Auditor's Report

Contents **Page**

KRESTON EGYPT
Tamer Nabarawy & Co.

Translation of Audit's report
Originally issued in Arabic

Auditor's Report

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

Report for the separate financial statements

We have audited the accompanying separate financial statements of MISR CEMENT (QENA) COMPANY (SAE) which comprise the separate statement of financial position as at December 31,2024 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.

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KRESTON EGYPT
Tamer Nabarawy & Co.

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the separate financial position of MISR CEMENT (QENA) COMPANY (S.A.E) as at December 31, 2024 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, 20 February 2025

Auditor

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

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Tamer Nabarawy & Co.
Public Accountants & Consultants

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Separate Statement of Financial Position

	Note	31 December, 2024	31 December 2023
		EGP	EGP
Non-current assets			
Fixed assets	(5)	388 172 306	397 678 538
Assets right to use	(6-A)	1 943 700	2 696 100
Intangible assets	(7)	1 048 269	1 127 845
Project under construction	(11)	8 762 506	6 682 039
Investments in subsidiaries	(8)	1 168 435 322	1 168 435 322
Investments in associates	(9)	800 000	800 000
Deferred tax Assets	(19)	10 090 714	10 090 714
Total non-current assets		**1 579 252 817**	**1 587 510 558**
Current assets			
Inventory	(12)	619 571 743	780 839 391
Due from related parties	(14-A)	34 950 685	23 282 190
Investments at fair value through profit or loss	(10)	--	15 021 897
Account receivables	(13)	10 453 629	--
Debtors and other debit balances	(15)	115 758 408	78 427 094
Cash on hand and at banks	(16)	244 521 142	40 337 825
Total current assets		**1 025 255 607**	**937 908 397**
Total assets		**2 604 508 424**	**2 525 418 955**
Equity			
Issued and paid-up capital	(17)	960 000 000	960 000 000
Reserves	(18)	218 721 873	214 931 399
Retained earnings		112 535 283	97 399 893
Net Profit for the year		215 751 290	75 809 474
Total Equity		**1 507 008 446**	**1 348 140 766**
Non-current liabilities			
Operating lease liability – non-current portion	(6-B)	1 547 971	1 767 000
Deferred tax liabilities	(19)	56 737 977	56 995 405
Facilities – long term	(22)	81 460 122	176 199 805
Total non-current liabilities		**139 746 070**	**234 962 210**
Current liabilities			
Provisions	(20)	97 679 664	65 679 664
Facilities	(22)	111 500 832	208 133 248
Receivables – advance payments		22 027 718	20 238 635
Suppliers and notes payable	(21)	550 944 704	486 868 312
Due to related parties	(14-B)	18 656 982	12 451 084
Creditors and other credit balances	(23)	83 972 788	115 997 008
Operating lease liability – current portion	(6-B)	99 923	757 010
Income tax payable		72 871 297	32 191 018
Total current liabilities		**957 753 908**	**942 315 979**
Total liabilities and equity		**2 604 508 424**	**2 525 418 955**

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

Managing Director	Group Chief Financial Officer	Financial Manager
Hassan Gabry	Moustafa Abdel Razek	Adel Attia Mohamed

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Separate Statement of Income

	Note	31 December 2024	31 December 2023
		EGP	EGP
Net Sales		2 760 376 497	1 661 069 711
(Less):			
Cost of sales	(24)	(2 274 796 913)	(1 368 322 213)
Gross profit		**485 579 584**	**292 747 498**
Selling and marketing expenses	(25)	(19 182 089)	(17 908 217)
General and administrative expenses	(26)	(109 307 709)	(77 430 906)
Amortization of intangible assets		(955 201)	(917 169)
Other revenue/(expense)	(28)	6 817 717	(641 351)
Board of directors' salaries, attendance and transportation allowances		(6 281 550)	(9 235 065)
Total expenses		**(128 908 832)**	**(106 132 708)**
Net Operating profits		**356 670 752**	**186 614 790**
Add / (Less):			
Finance expense		(68 426 603)	(81 727 285)
Provisions charged		(32 000 000)	(20 000 000)
Gain from Investment at fair value through profit or loss		–	22 307
Expected credit losses charged/reversed		(938 428)	130 729
Amortization of assets right to use		(752 399)	(752 400)
Operating lease interest		(233 971)	(250 940)
Foreign currency exchange differences		16 783 663	495 803
Credit interest		2 669 717	2 424 690
Revenue from investments in associate and subsidiaries companies	(27)	14 592 428	20 816 683
Net Profits for the year before Taxes		**288 365 159**	**107 774 377**
(Less):			
Income tax		(72 871 297)	(32 191 018)
Deferred Tax		257 428	226 115
Net Profits for the year After Taxes		**215 751 290**	**75 809 474**
Earnings per share (EGP/Share)	(29)	**1.89**	**0,67**

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

Managing Director	Group Chief Financial Officer	Financial Manager
Hassan Gabry	Moustafa Abdel Razek	Adel Attia Mohamed

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Separate Statement of Comprehensive Income

	31 December 2024	31 December 2023
	EGP	EGP
Net Profits for the year After Taxes	215 751 290	75 809 474
Add / (Less):		
Other comprehensive income	--	--
Total comprehensive income for the year	**215 751 290**	**75 809 474**

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

Managing Director	Group Chief Financial Officer	Financial Manager
Hassan Gabry	Moustafa Abdel Razek	Adel Attia Mohamed

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Separate statement of Change in Equity

31 December 2023	Issued and Paid up Capital	Reserves	Retained Earnings	Net Profit for the period	Total
	EGP	EGP	EGP	EGP	EGP
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)	--
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**
Balance on 31 December 2023	**960 000 000**	**214 931 399**	**97 399 893**	**75 809 474**	**1 348 140 766**
31 December, 2024					
Balance at 1 January 2024	**960 000 000**	**214 931 399**	**97 399 893**	**75 809 474**	**1 348 140 766**
Transferred to retained earnings	--	--	75 809 474	(75 809 474)	--
Transferred to reserves	--	3 790 474	(3 790 474)	--	--
Dividends Distribution	--	--	(56 883 610)	--	**(56 883 610)**
Total comprehensive income for the year	--	--	--	215 751 290	**215 751 290**
Balance on 31 December 2024	**960 000 000**	**218 721 873**	**112 535 283**	**215 751 290**	**1 507 008 446**

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

Managing Director	Group Chief Financial Officer	Financial Manager
Hassan Gabry	Moustafa Abdel Razek	Adel Attia Mohamed

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Separate Statement of Cash Flows

	Note	31 December 2024 EGP	31 December 2023 EGP
Cash Flows from Operating Activities			
Net Profits for the year before taxes		288 365 159	107 774 377
Adjustment to reconcile net profit to cash flow from operating activities			
Depreciation of fixed assets	(5)	36 178 918	49 430 406
Amortization of intangible assets	(7)	955 201	917 169
Amortization of assets right to use	(6)	752 399	752 400
Revenue from investments		(14 592 428)	(20 816 683)
Finance lease interest		233 971	250 940
Gain from investment at fair value through profit and loss		--	(22 307)
Expected credit losses		938 428	(130 729)
Provision charged		32 000 000	20 0000 000
Foreign currency exchange		(16 783 663)	(495 803)
Debit interest		68 426 603	81 727 285
Credit interest		(2 669 717)	(2 424 690)
Net Operating profits		**393 804 871**	**236 962 365**
Change in inventory	(12)	161 267 649	(241 191 872)
Change in related parties	(14)	(5 462 597)	29 140 909
Change in debtors and other debit balances	(15)	(31 305 962)	79 562 944
Change in receivables – advance payments		1 789 083	2 329 284
Change in account receivables	(13)	(10 453 629)	--
Change in suppliers	(21)	64 076 392	(5 850 562)
Change in creditors and other credit balances	(23)	(32 100 668)	27 594 284
Paid from operating lease contracts		(1 110 087)	(1 007 949)
Cash flow from operating activities		**540 505 052**	**127 539 403**
(Payment) of income tax		(32 191 018)	(23 588 550)
Net cash Flows from operating activities		**508 314 034**	**103 950 853**
Cash flows from investing activities			
(Payments) For purchase fixed assets	(5)	(26 672 686)	(56 180 416)
(Payments) For purchase intangible assets	(7)	(875 626)	--
(Payments) For projects under construction		(2 080 466)	(5 531 642)
(payments) For investments through profit or loss		15 021 897	(14 999 590)
Collected credit interest		2 669 717	2 424 690
Change in time deposits (maturing after three months)		--	1 351 000
Collected from dividends distributions		7 628 648	21 598 978
Net cash flows (used in) investing activities		**(4 308 516)**	**(51 336 980)**
Cash flows from financing activities			
Change in facilities		(191 372 099)	188 692 623
Paid from loans		--	(120 973 456)
Debit interest paid		(68 426 603)	(80 630 750)
Paid in Investments in associates		--	(9 501 000)
Dividends distributions - paid		(56 807 162)	(64 426 837)
Net cash flows (used in) financing activities		**(316 605 864)**	**(86 839 420)**
Net cash and cash equivalents during the year		**187 399 654**	**(34 225 547)**
Foreign Currency exchange differences		16 783 663	495 440
Cash and cash equivalent – beginning of the year		40 337 825	74 067 569
Cash And Cash Equivalent – End of the year	(15)	**244 521 142**	**40 337 825**

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

Managing Director	Group Chief Financial Officer	Financial Manager
Hassan Gabry	Moustafa Abdel Razek	Adel Attia Mohamed

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 on 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 technical support to QENA for management and Maintenance Company.

1.3. The Company's Location

- The head office 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 the Cairo and Alex Exchange Market.

1.6. Approval of the financial statements

The financial statements of the Company for the year ended December 31, 2024, were authorized for issuance in accordance with a resolution of the board of directors on February 20, 2025

2. Basis For financial statement 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 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 of 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 depends on estimation and personal judgment based on the experience of the Company with similar fixed assets taking into consideration the estimated usage of the assets 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 turnover of 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 into 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 the 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.

Non-monetary 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 their 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 assets 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 they are 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 costless losses of their 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 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 the 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

Revenue from sales is recognized at 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 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 lifetime of all customer balances and contract assets with customers

5. Significant accounting policies (followed)

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 analyses 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 passed 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 receivable, 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 because 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 their 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 may be 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 are 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 value received 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 considering 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 the 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 expenditure 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 the company pay to obtain the funds.

4.21 Pension plan for employees

The company pays its share in social security according to social security law No, 79 for the year 1975 and its amendments, and it's included in the salaries and wages account in the income statement on an 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 in 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 grantee cover also the current bank accounts (credit balances)

4.26 Earnings per share

The company presented 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 for 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 on 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

The interest rate risk is represented in the change in value of financial instruments 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 affects the company's open receivables and payables balance in foreign currency also asset and liability evaluation in foreign currency.

5. Fixed assets

31 December, 2024	Land	Buildings & constructions	Machinery & Equipment	Motor Vehicles	Tools	Furniture & Fixtures	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost at 1 January 2024	7 221 739	276 410 861	1 026 216 224	14 027 244	21 199 310	18 896 040	**1 363 971 418**
Additions during the year	--	2 477 925	13 406 146	--	4 257 096	6 531 519	**26 672 686**
Cost at 31 December, 2024	**7 221 739**	**278 888 786**	**1 039 622 370**	**14 027 244**	**25 456 406**	**25 427 559**	**1 390 644 104**
Accumulated depreciation at 1 January 2024	--	211 111 858	723 132 477	7 245 161	10 939 097	13 864 287	**966 292 880**
Depreciation for the year		7 196 199	21 901 329	1 435 305	2 760 455	2 885 630	**36 178 918**
Accumulated depreciation at 31 December, 2024	-	**218 308 057**	**745 033 806**	**8 680 466**	**13 699 552**	**16 749 917**	**1 002 471 798**
Net book value at 31 December, 2024	**7 221 739**	**60 580 729**	**294 588 564**	**5 346 778**	**11 756 854**	**8 677 642**	**388 172 306**

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

	Buildings & Constructions	Machinery & Equipment	Motor Vehicles	Tools	Furniture & Fixtures	Total
	EGP	EGP	EGP	EGP	EGP	EGP
Cost of fully depreciated assets and still being used.	28 850 414	571 504 475	6 852 244	4 758 967	11 362 975	623 329 075

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

Cost of Sales (Note 24)	40 807 683
Selling and marketing expenses (Note 25)	188 002
General and administrative expenses (Note 26)	3 720 175
	44 715 860

Translation of financial statements
Originally issued in Arabic

5. Fixed assets (Followed)

31 December 2023	Land	Buildings & constructions	Machinery & Equipment	Motor Vehicles	Tools	Furniture & 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 are fully depreciated and still used which is reprehensive in: -

	Buildings & Constructions EGP	Machinery & Equipment EGP	Motor Vehicles EGP	Tools EGP	Furniture & 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**

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

Cost of Sales (Note 24)	47 667 579
Selling and marketing expenses (Note 25)	184 565
General and administrative expenses (Note 26)	1 578 262
	49 430 406

6. Assets right to use

a. Assets right to use

	31 December 2024	31 December 2023
	Motor vehicles	**Motor vehicles**
	EGP	**EGP**
Cost as at January 1, 2024	3 762 000	3 762 000
Cost as at 31 December 2024	**3 762 000**	**3 762 000**
Accumulated depreciation at 1 January, 2024	1 065 900	313 500
amortization of the year	752 400	752 400
Accumulated depreciation at 31 December 2024	**1 818 300**	**1 065 900**
Net book value as at 31 December 2024	**1 943 700**	**2 696 100**

b. Operating lease liabilities

Lease liabilities - current portion	99 923	757 010
Lease liabilities – non-current portion	1 547 971	1 767 000
Total	**1 647 894**	**2 524 010**

7. Intangible assets

	31 December, 2024	31 December 2023
	EGP	EGP
SAP program	5 182 985	5 182 985
Additions during the year	875 626	--
Balance at 31 December, 2024	**6 058 611**	**5 182 985**
(less):		
Accumulated amortization at 1 January 2024	(4 055 140)	(3 137 971
amortization during the year	(955 202)	(917 169)
Accumulated amortization on 31 December, 2024	**(5 010 342)**	**(4 055 140)**
Net book value on 31 December, 2024	**1 048 269**	**1 127 845**

8. Investments in subsidiaries

	Percentage of Ownership	31 December, 2024 EGP	31 December 2023 EGP
Misr Cement Minya	60.36%	1 066 863 275	1 066 863 275
Misr cement Beton (S.A.E)	99.90%	92 071 047	92 071 047
Misr Cement Maintenance	47,505%	9 501 000	9 501 000
		1 168 435 322	**1 168 435 322**

- The balance of the investment in subsidiaries amounts to EGP 1 168 435 323 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 and Misr cement Beton 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 payment

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 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)

- 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. Investments in associates

	Percentage of ownership	31 December, 2024	31 December 2023
		EGP	EGP
South of Upper Egypt Company for sacks Manufacturing	20%	800 000	800 000
		800 000	**800 000**

10. Investments designated at fair value through profit or loss

	31 December, 2024	31 December 2023
	EGP	EGP
Themar funds	--	15 021 897
	--	**15 021 897**

11. Projects under construction

	31 December, 2024	31 December 2023
	EGP	EGP
Programs	8 546 718	5 604 897
Building maintenance	191 637	1 052 992
Others	24 151	24 150
	8 762 506	**6 682 039**

12. Inventory

	31 December, 2024	31 December 2023
	EGP	EGP
Raw materials and packing	110 517 278	47 785 300
Coal and diesel	62 081 441	17 634 106
Spare parts	319 133 023	225 889 041
Work in progress	93 632 349	448 608 017
Finished goods	34 207 652	40 922 927
	619 571 743	**780 839 391**

13. Account Receivables

	31 December, 2024	31 December 2023
	EGP	EGP
Account Receivables	10 885 605	--
(deduct)		
Expected credit losess	(431 976)	--
	10 453 629	--

Translation of financial statements
Originally issued in Arabic

14. 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, 2024
Misr Insurance	Shareholder	Insurance installments	18 452 207
South of upper Egypt company (main supplier)	Associate company	Supplying bags	158 621 000
Misr Cement Beton	Subsidiary company	Cement sales	66 441 017
Misr cement minya	Subsidiary company	Spare parts	6 687 291
Misr cement minya	Subsidiary company	Spare parts	9 676 778
Misr cement minya	Subsidiary company	Rent	90 367
Misr cement minya	Subsidiary company	Cement sales	303 421 598
Qena for Management and Maintenance Company (L.L.C)	Subsidiary company	Service	163 106 361
Qena for Management and Maintenance Company (L.L.C)	Subsidiary company	Service	11 743 190

A) Due from related parties

	31 December, 2024	31 December 2023
	EGP	EGP
Misr cement Beton (S.A.E)	23 667 118	22 619 805
Misr Cement Minya	12 328 604	1 527 393
	35 995 722	**24 147 198**
(Less):		
Expected credit loss	(1 045 037)	(865 008)
	34 950 685	**23 282 190**

B) Due to related parties

	31 December, 2024	31 December 2023
	EGP	EGP
Qena for Management and Maintenance Company (L.L.C)	18 656 982	12 451 084
	18 656 982	**12 451 084**

15. Debtors and other debit balances

	31 December, 2024	31 December 2023
	EGP	EGP
Tax authority–value add tax	39 975 710	21 764 470
Customs duty	--	5 497 872
Deposits with others	13 608 635	13 608 635
Prepaid expenses	4 791 396	2 399 024
Cash cover letter of guarantee (Note No.31)	4 864 500	4 320 000
Letter of Credits	16 582 580	--
Advance payments	15 378 964	18 503 780
Employees borrowings	994 251	1 099 169
Other debit balances	6 478 741	7 989 730
With-holding taxes	14 970 384	2 221 767
Accrued revenue – dividends distribution	--	2 582 977
	117 645 161	**79 987 424**
(less):		
Expected credit loss	(1 886 753)	(1 560 330)
	115 758 408	**78 427 094**

16. Cash on hand and at bank

	31 December, 2024	31 December 2023
	EGP	EGP
Current accounts - Local currency	31 161 865	20 571 182
Current accounts - foreign currency *	151 980 384	790 700
Time deposits - maturing for three months	61 378 893	18 975 943
	244 521 142	**40 37 825**

* The current accounts – foreign currency included blocked amounts USD 31 800 covered letter of credit and Amount USD 33 881 covered the exportation.

17. 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 by GAFI on September 25, 2017, which decided to increase the capital with the 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 pounds instead of 600 000 000 Egyptian pound as registered in the commercial register on 29 May 2018 No. 23904.
- Based on an 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)	19 711 013	10	197 110 130	197 110 130	%20.53
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	18 104 387	10	181 043 870	181 043 870	%18.86
	96 000 000		**960 000 000**	**960 000 000**	%100

18. Reserves

	Legal reserve	General reserve	Capital reserve	Total
	EGP	EGP	EGP	EGP
Balance at beginning of year	**196 781 595**	**10 216 984**	**7 932 820**	**214 931 399**
Charged during the year	3 790 474	--	--	**3 790 474**
Balance as of 31/12/2024	**200 572 069**	**10 216 984**	**7 932 820**	**218 721 873**

Translation of financial statements
Originally issued in Arabic

19. Deferred Tax Assets / (Liabilities)

	Tax Assets		Tax Liabilities	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
	EGP	EGP	EGP	EGP
Balance at the beginning of the year	**10 090 714**	**10 090 714**	**56 995 405**	**57 221 519**
Assets (liabilities) deferred tax movements	--	--	(257 428)	(226 114)
Balance at the ending of the year	**10 090 714**	**10 090 714**	**56 737 977**	**56 995 405**

20. Provisions

	Balance as of 1 January 2024	Used during the year	Provision No longer required	Balance as of 31 December, 2024
	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	59 913 759	--	32 000 000	**91 913 759**
	65 679 664	--	**32 000 000**	**97 679 664**

- 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

	31 December, 2024	31 December 2023
	EGP	EGP
Suppliers	295 573 709	198 106 039
Notes payables	255 370 995	288 762 273
	550 944 704	**486 868 312**

22. Facilities

- The company has facilities in 31 December, 2024 amounted EGP 111 500 832 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 on 31 December, 2024 amounted EGP 81 460 122 from the National Bank of Egypt to finance the purchase of raw materials and production tools within limited amount to EGP 200 000 000 during 2023 provided that the full amount of financing is paid at the end of the financing year in one installment.

Translation of financial statements
Originally issued in Arabic

23. Creditors and other credit balances

	31 December, 2024	31 December 2023
	EGP	EGP
Tax authority	5 402 178	1 659 978
Value added tax on Cement	28 290 161	48 978 042
Production development fees	3 104 179	9 564 885
Retentions	13 078 670	14 588 859
Syndicate Stamps	6 961 202	6 674 426
Employees services association	240 272	765 581
Social insurance authority	1 238 522	1 055 416
Accrued debit interests	8 899	3 354 706
Accrued for suppliers (Cement transportation)	2 643 917	3 328 953
Payables for purchase fixed assets	--	6 537 965
Credit – Dividends	882 900	806 452
Solidarity contribution of medical insurance accrual	7 164 516	7 764 340
Other credit balances	14 957 372	10 917 405
	83 972 788	**115 997 008**

24. Cost of Sales

	31 December 2024	31 December 2023
	EGP	EGP
Depreciation	40 807 683	47 667 579
Governmental fees and technical management fees	77 280 371	59 326 203
Packing materials	309 764 132	190 019 190
Electricity and power	1 503 204 109	885 650 178
Indirect cost *	343 740 618	185 659 063
	2 274 796 913	**1 368 322 213**

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

25. Selling and marketing expenses

	31 December 2024	31 December 2023
	EGP	EGP
Salaries and wages	12 996 317	10 186 922
Depreciation	188 002	184 565
Stamps	80 436	21 902
Traveling and Transportation expenses	270 664	667 957
Others expenses	5 646 670	6 846 871
	19 182 089	**17 908 217**

Translation of financial statements
Originally issued in Arabic

26. General and administrative expenses

	31 December 2024	31 December 2023
	EGP	EGP
Depreciation	3 720 175	1 578 262
Salaries and wages	46 327 928	38 546 886
Donations	7 439 625	4 076 881
Insurance Expenses	520 846	206 352
Public relations and advertisement expenses	536 408	2 107 478
Other services expenses	3 908 790	3 102 914
Training, researches and consulting expenses	4 435 756	3 072 791
Medical and pension funds	3 166 230	1 440 922
Transportation and travelling expenses	2 228 035	2 174 330
Material and supplies	1 490 163	2 721 303
Rent and transportation allowances	754 313	1 235 450
Solidarity contribution of medical insurance	7 388 554	4 483 390
Other expenses	27 390 886	12 683 947
	109 307 709	**77 430 906**

27. Revenue from investments in associate and subsidiaries companies

	31 December 2024	31 December 2023
	EGP	EGP
Qena Cement - dividends	7 575 626	17 091 358
Upper Egypt – dividends	7 010 802	3 725 325
Attendance allowance	6 000	--
	14 592 428	**20 816 683**

28. Other Revenues

	31 December 2024	31 December 2023
	EGP	EGP
Metal sales revenue	658 089	--
Revenue from Transport, shipping and handling	59 920 242	52 104 690
Revenue from spare parts	9 689 648	145 788
Miscellaneous revenue	573 255	1 386 236
	70 841 234	**53 636 714**
(Less):		
Transport, shipping and handling cost	(59 974 963)	(51 898 664)
spare parts cost	(4 048 554)	(2 379 401)
	6 817 717	**(641 351)**

29. Earnings per share (EGP / Share)

	31 December 2024	31 December 2023
	EGP	EGP
Net profits for the year	215 751 290	75 809 474
Employees profit share	(20 496 373)	(7 201 900)
Board of directors' bonus	(13 646 735)	(4 081 710)
Remaining profits	**181 608 182**	64 525 864
Number of shares	96 000 000	96 000 000
Earnings per share	**1.89**	**0,67**

	31 December, 2024	31 September 2023
	EGP	EGP
Expected average number of shares: = 96 000 000 ×12/12	96 000 000	96 000 000
	96 000 000	**96 000 000**

30. Tax Situation

a) Corporate taxes

An Introduction

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

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

1. Years from beginning of the activity to 2004

All tax differences that are due have been paid.

2. Years from 2005/2007

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

4. 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.

5. 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.

30. Tax Situation (Followed):

6. 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.

b) Salary tax

1. Years from beginning of the activity to 2019

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

2. The authority checked that period electronically and the examination revealed differences amounting to (2 362 384) and the payment has not been made to date.

3. 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 2011/2020

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

4. Years from 2020

The tax authority conducted an examination of the company from January 2020 to November 2020, which resulted in tax differences amounting to EGP 157,124, and the differences were approved.
December 2020: The month was not examined

5. Years from 2021/2023

- The company has been submitting tax returns on time as per legal requirements.
- The tax authority did not conduct an examination of the company for those 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

30. Tax Situation (Followed):

e) Property tax

Introduction:

Law No. 196 of 2008 was issued, imposing a tax on built properties, which was then amended by Law No. 103 of 2012 and further by Law No. 117 of 2014.

Application of the Law: The law has been applied since 1/7/2013, with the valuation being effective until 31/12/2021, according to Law No. 4 of 2019, which amended Law No. 196 of 2008.

Dependence on Valuations: The tax authority relied on valuations for calculating the tax due on the company for the years 2022, 2023, and 2024, as no notifications of new valuations were received.

Company's Declarations: The company submitted real estate tax declarations for its properties in accordance with Law No. 196 of 2008 and its amendments

Government Decision: On August 30, 2022, a decision was issued by the Council of Ministers for the Ministry of Finance to bear the full tax due on built properties used in certain activities from 1/1/2022, for a period of three years, subject to conditions. The cement activity was listed under item number 12 among the activities for which the Ministry of Finance bears the tax due on its properties used in the activity.
-- The Real Estate Tax Authority issued Circular No. 5 of 2022 on September 6, 2022, outlining the necessary controls and procedures for implementing the aforementioned Cabinet decision. This circular includes the procedures to be followed by the tax offices in the real estate tax zones.
-The company has stated that it has submitted a request along with the required documents in accordance with the circular. However, to date, the company has not received approval for its request.

31. 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	4 864 500	4 864 500	--

Translation of financial statements
Originally issued in Arabic

32. Changes in Egyptian accounting standards

Dated March 3, 2024 issued by the Prime Minister's Decision no. (32) for 2024 to amend some provisions of the Egyptian Accounting Standards and below is summary of the most important amendments.

The Standards that were Reissued	Summary of the major amendments	Impact on the financial statements	Date of application
Amended Egyptian Accounting Standard No. 34 "Investments Property"	The fair value model application mechanism has been modified, adding that the profit or loss arising from a change in the fair value of investment property must be recognized in the list of profits or losses for the period in which the change arises or through the other comprehensive income list once in the age of the asset or investment, taking into account paragraphs (35a) and (35b) of the standard.	Not applicable to the company	The amendments to add the fair value model option to the financial periods commencing on or after 1 January 2024, allowing for early retroactive application, with the cumulative effect of applying the fair value model being demonstrated initially by adding it to the retained earnings balance at the beginning of the financial period in which the company first applied the model.
Egyptian Accounting Standard No. (17) amended 2024 "Separate Financial Statements"	Egyptian Accounting Standard No. (17) "Financial Statements" was reissued in 2024, where the option to use the equity method as described in Egyptian Accounting Standard No. (18) has been added "Investments in Associate Companies" when accounting for investments in subsidiaries, associate companies and joint control companies.	Applies to the company	The amendments shall apply to financial periods commencing on or after January 1, 2024, and early application is allowed retroactively, with proof of the cumulative impact of the application of the equity method by adding it to the retained earnings balance at the beginning of the financial period in which the company first applied the model.
Egyptian Accounting Standard No. (13) amended 2024 "Effects of Changes in Foreign Exchange Rates"	This standard was reissued in 2024, adding how to determine the intraday rate when it is difficult to exchange between two currencies and the conditions that must be met in the intraday exchange rate on the measurement date. An application guidelines appendix has been added, which includes guidelines for assessing whether a currency is exchangeable for another currency, and guidelines for applying the required treatments in case of non-exchangeability.	Management is currently assessing the potential impact on the financial statements of the application of amendments to the standard.	The adjustments for determining the intraday exchange rate when the exchange between two currencies is difficult shall be applied to the financial periods starting on or after January 1, 2024, and early application is allowed, and if the entity makes early application, this must be disclosed. Upon application, the entity may not modify the comparative information, instead: When an entity reports foreign currency transactions in its currency of dealing, any effect of the initial application is recognized as an adjustment to the opening of the retained earnings balance on the date of initial application. When an entity uses an offer currency other than its own dealing currency or translates the results and financial position to a foreign currency, any effect of the initial application is recognized as an adjustment to the cumulative balance of foreign currency exchange– accumulated on the equity side – on the date of initial application.

33. Important Events

- On March 6, 2024, the Monetary Policy Committee of the Central Bank of Egypt decided to raise the overnight deposit and lending rates, and the main operation rate of the central bank by 600 basis points to 27.25%, 28.25%, and 27.75% respectively. The discount and credit rates were also raised by 600 basis points to 27.75%. The central bank also decided to allow the exchange rate to be determined according to market mechanisms. Consequently, the exchange rates of the Egyptian pound against the dollar and some other currencies declined.

- The impact of the current uncertain economic environment is an estimation, and the management will continue to assess the current situation and its associated impact regularly and it should also be considered that the assumptions used regarding economic expectations are subject to a high degree of uncertainty and, therefore, the actual outcome may differ significantly from the expected information. The company has considered the potential effects of the current economic fluctuations, which represent the best assessment by the management based on available information. However, markets remain volatile, and the recorded amounts remain sensitive to market fluctuations.

Managing Director	Group Chief Financial Officer	Financial Manager
Hassan Gabry	Moustafa Abdel Razek	Adel Attia Mohamed