

Sinai Cement Company

SAE

Financial Statements

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Auditor's Report

As at 31st December 2022

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Auditor's Report
To the Share Holder's of Sinai Cement Company
"SAE"

Report on the financial statements:

We have reviewed the attached financial statements of Sinai Cement Company "Egyptian Stock Company" represented in the independent statement of financial position on 31st December 2022 as well as the statements of income, comprehensive income, change in equity and cash flows for the financial year ended on that date and a summary of important accounting policies and other notes.

Management's responsibility for the financial statements:

These financial statements are the responsibility of the company's management. The management is responsible for preparing and presenting the financial statements in a fair and clear presentation in accordance with Egyptian accounting standards and in light of the applicable Egyptian laws. The management's responsibility includes designing, implementing and maintaining internal control related to the preparation and presentation of financial statements in a fair and clear presentation, that are free from material misstatements, and this responsibility include selecting and applying appropriate accounting policies and making accounting estimates appropriate to the circumstances.

Auditor's Responsibilities:

Our responsibility is limited to expressing an opinion on these statements in the light of our review of them. We have been audited in accordance with the Egyptian auditing standards and in light of the Egyptian laws in force. These standards require planning and performing the audit to obtain appropriate assurance that the financial statements are free from any significant and influential errors.

The audit work includes performing procedures to obtain audit evidence regarding the values and disclosures in the financial statements. The procedures selected depend on the personal judgment of the auditor, including the assessment of the risks of material misstatement of the financial statements. In evaluating these risks, the auditor takes into consideration the internal control relevant to the entity's preparation of the statements and their fair and clear presentation, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the efficiency of the internal control in the company. The audit process also includes an assessment of the extent appropriate accounting policies and significant accounting estimates prepared by management, as well as the integrity of the presentation of the financial statements.

The company made an stock taking on 31st December 2022 with knowledge of an external part, and due to the continuing security conditions and risks associated with the audit teams to transfer to attend the stock taking at the company's factory in North Sinai, we have taken alternative audit procedures to verify the inventory balances on 31st December 2022 And we believe that the audit evidences that we have obtained is sufficient and appropriate and is an appropriate basis for expressing our opinion on the financial statements

Opinion:-

In our opinion, the financial statements fairly , in all material respects , the financial position of Sinai Cement Company (S.A.E) as at 31st December 2022, and the its financial performance and its cash flows for the year then ended in accordance with thw egyptian accounting standards and related egyptian laws and regulations .

Although this is not considered a reservation, we draw attention to the following:

The company has called for the holding of the extraordinary general assembly meeting of the company's shareholders on 26 April, 2022 to consider the continuity of the company's activity despite its losses exceeding more than half of the shareholders' equity for the fiscal year ending on 31 December 2021, in accordance with Article No. (48) Of the company's articles of association. (Note that this assembly meeting was held and was approved by the shareholders and was not approved by the General Authority for Investment and Free Zones until the date of preparing the current financial statements), and the financial statements were prepared on 31st December 2022 in light of the imposition of continuity of the company

The combined losses of the company on 31st December 2022 amounted to EGP 2,083,628,252 which has exceeded half of the company's equity at that date, , in accordance with Article No. (48) Of the company's articles of association. and the financial statements were prepared on 31st December 2022 in light of the imposition of continuity of the company.

Report on other legal and regulatory requirements:

The company maintains regular financial accounts that include everything that the law and the company's system stipulate that there is evidence in it, and the financial statements have been found in agreement with what is contained in those accounts. The company also applies a costing system that meets its purpose
The financial statements contained in the report of the Board of Directors prepared in accordance with the requirements of the Companies Law are in agreement with what is contained in the company's books, within the limits that prove such data in the books.

Auditor

Medhat Fouad Ghaly

Register Auditors the central bank of Egypt No. 8383
Register Auditors the General Authority for Financial Supervision No. 121
Register Auditors the Central Bank of Egypt No. 263

Cairo at 7/3/2023

Sinai Cement Company

S.A.E

Balance Sheet

As at 31 December 2022

	Note No	31/12/2022	Egyptian Pounds 31/12/2021
Assets			
Non Current Assets			
Fixed Assets (Net)	2/3 - 4	1,011,373,267	1,042,256,485
Intangible Assets(Net)	4/3 - 5	939,988	-
Construction Works In Process		61,374,460	63,225,934
Long Term Financial Investments	6	125,561,420	125,561,420
Total Non Current Assets		1,199,249,135	1,231,043,839
Current Assets			
Inventories(Net)	7	885,548,344	330,815,427
Debtors&Notes Receivable	8	269,268,012	117,908,741
Due From Affiliated Companies	9	6,901,406	2,498,651
Sundry Debtors(Net)	10	276,562,998	203,176,444
Other Debit accounts	11	135,986,473	140,087,745
Financial Investments	12	65,010	65,010
Cash at hand&in Banks	13	124,700,709	93,970,346
Cash in Banks blocked under capital increase		-	650,074,240
Total Current Assets		1,699,032,952	1,538,596,604
Total Assets		2,898,282,087	2,769,640,443
Equity & Liabilities			
Equity			
Issued and paid-in Capital	14	1,330,658,670	680,584,430
Legal reserve		227,163,603	227,163,603
General reserve		29,359,411	29,359,411
Amounts under capital increase	15	-	650,074,240
Profit(losses)brought forward		(1,763,827,282)	(1,388,695,718)
(losses) for the year		(319,800,970)	(344,997,068)
Total Equity		(496,446,568)	(146,511,102)
Non Current Liabilities			
Deferred Tax Liability	16	125,012,602	133,761,441
Total Non Current Liabilities		125,012,602	133,761,441
Long Term Liabilities			
Long Term Loans	17	203,619,394	-
Total Long Term Liabilities		203,619,394	-
Current Liabilities			
Bank Facilities	18	600,309,381	1,646,001,706
Provisions	19	112,853,076	84,300,076
Short term loans from Affiliated companies	20	950,000,000	200,000,000
Suppliers, Creditors & Notes Payable	21	1,129,539,373	765,256,383
Other credit accounts	22	273,394,829	86,831,939
Total Current Liabilities		3,066,096,659	2,782,390,104
Total Liabilities		3,394,728,655	2,916,151,545
Total Liabilities & Equity		2,898,282,087	2,769,640,443

Youssef Helmy El-Feki
Financial Manager
Youssef Helmy El-Feki

Salah El-Sayed Atwa Ramadan
Chief Financial Officer
Salah El-Sayed Atwa Ramadan

Tamer Magdy Ragheb
Managing Director
Tamer Magdy Ragheb

The Accompanying notes are an integral part of these consolidated interm financial statements
Review report attached



Sinai Cement Company
S.A.E
Income Statement
For The Financial Year Ended 31 December 2022

Egyptian Pounds

	Note No.	<u>31/12/2022</u>	<u>31/12/2021</u>
Sales (Net)		2,343,242,231	1,443,444,954
<u>Less</u>			
Cost of Sales	23	2,194,089,033	1,384,202,744
GROSS (LOSS)		149,153,198	59,242,210
<u>LESS:</u>			
Selling and distribution expenses	24	133,554,330	188,188,799
General and administrative expenses	25	104,416,786	79,645,260
Finance expenses		183,953,231	158,114,423
Expected Credit Losses		(3,367,972)	(7,875)
Provisions other than depreciation		29,247,942	37,297,924
TOTAL EXPENSES		447,804,317	463,238,531
Operating (Losses)		(298,651,119)	(403,996,321)
<u>Add(deduct):</u>			
Interest Income		13,085,088	38,466,788
Capital gains profit (losses)		187,727	(39,871)
Reinstated Provisions		0	0
Other Income		162,292	258,916
Foreign Exchange gains Profit (losses)		(43,333,798)	8,561,979
		(29,898,691)	47,247,812
Net (Losses) before tax		(328,549,810)	(356,748,509)
<u>Less:</u>			
Deferred TAX		8,748,840	11,751,441
Net (Losses) after tax for the year.		(319,800,970)	(344,997,068)
Earning (Losses) Per Share of the holding company	27	(2.40)	(5.07)

Financial manager
Youssef Helmy El-Eeki

Chief Financial Officer
Salah El-Sayed Atwa Ramadan

Managing Director
Tamer Magdy Ragheb

The Accompanying notes are an integral part of these consolidated interm financial statements
Review report attached



Sinai Cement Company

S.A.E

Statement Of Comprehensive income

For The Financial Year Ended 31 December 2022

Egyptian pounds

31/12/2022

31/12/2021

Net(Losses) for the year (319,800,970) (344,997,068)

Other Comprehensive income

Total Comprehensive Income (Loss)

(319,800,970)

(344,997,068)



Sinai Cement Company
S.A.E
Statements of Changes in Shareholder's Equity
For The Financial Year Ended 31 December 2022

	For the Financial Year Ended 31 December 2022						Egyptian Pounds
	Capital	Legal Reserve	General Reserve	Proceeds under the Capital Increase account	Retained Earnings	Profit(losses)of The period/year	Total
Balance as at 1/1/2021	680,584,430	227,163,603	29,359,411	650,074,240	(766,380,054)	(553,980,629)	266,821,001
Year 2020 profit transferred to profit brought forward					(553,980,629)	553,980,629	-
Adjustments For the pervious year					(68,335,035)		(68,335,035)
Net Loss for the period ending 31/12/2021						(344,997,068)	(344,997,068)
Balance as at 31/12/2021	680,584,430	227,163,603	29,359,411	650,074,240	(1,388,695,718)	(344,997,068)	(146,511,102)
Balance as at 1/1/2022	680,584,430	227,163,603	29,359,411	650,074,240	(1,388,695,718)	(344,997,068)	(146,511,102)
Capital Increase	650,074,240						650,074,240
Release the frozen amounts increase the capital				(650,074,240)			(650,074,240)
Convert 2021 Losses into profits					(344,997,068)	344,997,068	-
Adjustments for retaines earnings					(30,134,496)		(30,134,496)
Losses for the ending financial period 31/12/2022						(319,800,970)	(319,800,970)
Balance as at 31/12/2022	1,330,658,670	227,163,603	29,359,411	-	(1,763,827,282)	(319,800,970)	(496,446,568)



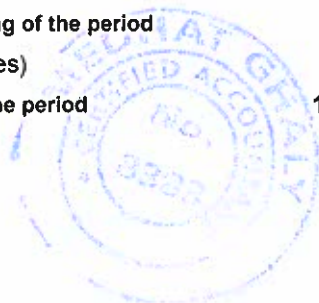
Sinai Cement Company

S.A.E

Statement Of Cash Flows

For The Financial Year Ended 31 December 2022Egyptian Pounds

	Note NO.	<u>31/12/2022</u>	<u>31/12/2021</u>
- Net(losses) before tax and extraordinary items		(328,549,809)	(356,748,509)
- Depreciation of fixed assets	4	90,609,825	91,302,015
- Amortization		11,152	-
- Provisions other than deprecation		29,247,942	37,297,924
- Expected Credit Losses		(3,367,972)	(7,875)
- Finance expense		183,953,232	158,114,423
- Foreign Exchange gains Profit (losses)		43,333,798	(8,561,979)
- Capital gains profit (losses)		(187,727)	(39,871)
- Deferred tax		8,748,840	11,751,441
- Interest income		13,085,088	38,466,788
Profit from operations before changes in working capital		36,884,369	(28,425,643)
- Change in inventories		(554,732,917)	(54,170,605)
- Change in debtors & notes receivable		(147,991,299)	(50,141,907)
- Change in due from affiliated companies		(4,402,755)	(1,888,335)
- Change in sundry debtors		(73,386,554)	(150,763,096)
- Change in other debit accounts		4,101,272	3,207,230
- Change in provision		(694,941)	(148,026,677)
- Change in due to affiliated companies		-	(7,904,046)
- Change in suppliers, creditors and notes payable		364,282,988	314,656,872
- Change in other credit accounts		186,562,890	26,670,641
- Change in deferred tax liabilities		(8,748,839)	(11,751,442)
- Adjustments for prior year on retained earnings		(30,134,496)	(68,335,035)
Net cash generated from operating activities		(228,260,283)	(176,872,043)
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>			
- Payment from capital increase		650,074,240	-
- Payment for purchase of fixed assets		(62,826,341)	(17,316,243)
- Proceeds from sales of fixed assets		2,336,322	153,461
- Payment to construction works in progress		1,851,474	(34,872,520)
- Proceeds from interest income		(13,085,088)	(38,466,788)
Net cash resulted from (used in) investing activities		578,350,607	(90,502,090)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>			
- Proceeds from (Payment) Bank facilities & Bank Loans		(1,045,692,325)	493,861,127
- Proceeds from Long term loans		203,619,394	-
- Proceeds from Loans from affiliated Companies		750,000,000	-
- Payment of finance expenses		(183,953,232)	(158,114,423)
Net cash generated (used) in financing activities		(276,026,163)	335,746,704
Net increase (decrease) in cash during the period		74,064,161	68,372,571
Cash & cash equivalent at the beginning of the period		93,970,346	17,035,796
Foreign Exchange Gains Profit (losses)		(43,333,798)	8,561,979
Cash & cash equivalent at the end of the period	13	124,700,709	93,970,346



Sinai Cement Company (SAE)
Notes to the Financial Statements
As at 31st December 2022

1. Activities:

- Sinai Cement Company (SAE) has been established in accordance with Law No. 8 for the year 1997 and pursuant to the resolution No. 72 for the year 1998 for the production of cement, packing bags and the manufacture of all cement products. The actual production was started with effect from 22/1/2001 as per the resolution of the Public Authority for investment and Free Zones dated 22/9/2001.

2. Financial Statements basis of preparation:

A. Going Concern: -

- The total accumulated losses as at 31st December 2022 amounted to EGP 2 083 628 252 so that it exceeds half of the equity of the company as at that date. A matter which requires the call for an extraordinary Shareholders meeting in accordance with article (48) of the Company's Articles of Incorporation to decide on the continuation of the Company. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern

B. Accounting Standards and applied Laws:

- Financial statements are prepared in accordance with Egyptian Accounting Standards issued by the Investment Minister decree No 110 for 2015 dated 9th July 2015 and in accordance with related current local laws and regulations.

C. Measurement:

- These financial statements have been prepared in accordance with the historical cost basis except for the assets and liabilities resulting from foreign currency swap contract, financial investment available for sale, financial investment available for trading "valued at fair value".

D. Currency:

- The financial Statements are presented in Egyptian Pounds Transaction Currency.

E. Accounting Estimates:

- Accounting Standards, the management has to adopt key assumptions and estimates that may cause adjustment to the carrying amounts of the assets, liabilities, expenses and revenues during the financial year and the actual results may differ from the estimates. Such assumptions and estimates are studied and reviewed continuously and the results for modifying such accounting estimates are recognized in the period such modification were effected and future period affected by such amendments.

The assumptions and estimates represented mainly in applying the accounting policies with significant influence such as:

- Fixed assets note (4)
- Construction work in progress note (5)
- Deferred tax note (17)
- Provisions note (19)
- Financial instruments note (32 - 33)

3. Significant accounting policies applied

- The accounting policies set out below have been applied consistently to all periods presented in these financial statements:

3/1: Translation of Transactions in Foreign Currencies:

- The company maintains its accounts in Egyptian Pounds. Transactions made in foreign currencies are translated according to the exchange rates ruling at the day of the transaction.
- Nonmonetary items that are measured at historical cost in foreign currency are translated using the exchange rates prevailing at the dates of the initial recognition.
- Nonmonetary items measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value is determined,
- At the end of the financial period, the balances of monetary assets and liabilities are translated according to the exchange rate prevailing at that day and any foreign currencies differences resulted during the year and at the translation date are recorded in the income statement
- 31st December 2021, the exchange rates were:-

US dollar	= L.E 24.71
€ Euro	= L.E 26.284

3/2: Fixed assets and depreciation:

- Fixed assets are stated at cost less accumulated depreciation (note No.4) and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use.
- The company capitalize some expenses related to periodical major overhaul for the production line and add it to the fixed assets during the maintenance work done by Reliance Company for Heavy Industries and ASEC company, which are currently responsible for the technical management, complete operational services and maintenance for the Clinker production equipment and Cement packing.
- **Depreciation** is calculated on the basis of the straight-line method. Depreciation is to be charged to the income statement based on the estimated useful life of fixed assets and consistent with preceding year, at the following rates:

Buildings & Utilities	2% - 2.5%
Machinery	5%
Motor Vehicles	20%
Tools	20%
Furniture & Office equipment	10%-25%

3/3: Intangible Assets:

- On March 21, 2022, a contract was issued to waive the right of the equity and the license to use the real estate (The land on which Sinai Cement Factory and its contents is built) between North Sinai Governorate (first party) and Sinai Cement Company (second party), and it was agreed on Transferring the right of equity to the area of land owned by the second party in the Sinai region in favor of the first party in return for a value equal to the net book value of the land, provided that a contract is issued to license the use of the land for the benefit of the second party, and the term of the contract is 50 years, and the basic contract period may be extended and not exceeding 25 Another year, and the right of equity was transferred to the area of land owned by the second party in the Sinai region in favor to the first party in exchange for a value equal to the net book value of the land and amounting to 1,651,078 EGP, and the usufruct of the subject matter of this contract was authorized for an annual consideration of 100,000 One hundred thousand pounds, increased annually by 10% of the original value, and the value of the annual usufruct license is deducted from the net book value of the land until its amount is exhausted and the general extra ordinary general meeting for Sinai cement company was approved signing the contract on its session which has been held on 26 January 2022 and approved from general authority for investments and free zone on 14 March 2022.

The following is a statement showing the value of the usufruct and the value of the usufruct consumption value of the plot of land:

Details	31/12/2022	31/12/2021
Balance at 1/1/2022	-	-
Additions of the period	951,140	-
Disposals of the period	-	-
Net usufruct value	951,140	-
Amortization of the first period	-	-
Amortization of the period	11,152	-
Accumulated amortization at 31/12/2022	11,152	-
Net value of usufruct assets	939,988	-

3/4: Legal Reserve:

- A legal reserve is made at the rate of 5% out of net profit annually till the reserve reaches 50% of the company's issued capital.

3/5: Construction Works in Progress:

- Projects under construction represent the amounts that are paid 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. Fixed assets under construction are valued at cost net of impairment loss.

3/6: Long term Financial Investments:

Investment in Subsidiaries

- Investments in Subsidiaries are investments in companies controlled by another entity. Control is presumed to exist if the Parent Company owns directly or indirectly through subsidiaries, more than half of the voting power of the entity invested in, unless in exceptional circumstances, it can be clearly determined that such ownership does not constitute control.
- Investments in Subsidiaries are stated - when acquired - at its acquisition cost, if a decline in the recoverable amount exists for any investment below the carrying amount "Impairment", the carrying amount of the investment will be adjusted by the amount of such reduction and will be charged to the income statement for each investment, and the resulting losses from the impairment cannot be charged back.

Investment in Affiliated Companies

- Investment in Affiliated Companies is investment in an entity over which the Company has a significant influence but it is neither a subsidiary company nor a joint venture project. Significant influence exists when the company directly or indirectly owns 20% or more of the voting rights in the invested company, unless in exceptional circumstances, it can be clearly determined that such ownership does not constitute influence.
- Investments in Affiliated are stated at its acquisition cost- when acquired -, If a decline in the recoverable amount exists for any investment below the carrying amount "Impairment", the carrying amount of the investment will be adjusted by the amount of such reduction and will be charged to the income statement for each investment and the resulting losses from the impairment cannot be charged back.

Financial Investment held for Trading:

- Financial investment held for trading represent non-derivative financial assets that are intended to be held for an indefinite period and may be sold in response to a need for liquidity or changes in interest rates, exchange rates or shares.
- The financial investment held for trading is measured by cost including the direct expenses related to its purchase.
- The investment held for trading are included in the current assets and recorded by fair value and the proceed from changes in fair value or sale of these investments either profit or loss are charged to income statement as these investments are not traded in the stock exchange and there are no studies for its fair value, hence recorded at cost.

3/7: Inventories:

- Inventories of raw materials and supplies are valued on the basis of less of actual cost or salable value.
- Inventories of finished products and semi-finished products are valued on the basis of less of actual cost or net salable value.
- The net of the salable value is determined on the basis of the expected sale price in the normal circumstances less the estimated costs needed and any other costs required to finalize the sale process.
- The company is using the weighted average method when pricing the inventory released for production and the coal stock pricing policy was changed from the first-in, first-out (FIFO) policy to the weighted average policy in line with the company's management, and this resulted in the company incurring losses, and those losses were charged to the income statement.
- The decrease in the value of inventory is recognized to the net selling value and all inventory losses are included in the cost of sales in the income statement in the period in which the decrease or loss occurred. The response occurred.

3/8: Income Tax & Deferred Tax:

- Income tax comprises profit/loss of the current tax period/year and deferred tax. Income tax expense is recognized in profit or loss except for items recognized directly in equity, in which case it is recognized in equity.
- Deferred tax represents tax recognized on temporary differences between the carrying amounts of assets and liabilities computed based on accounting principles used in the preparation of the financial statements and the corresponding tax bases used in the computation of taxable profit.
- Deferred tax liabilities are generally recognized for all taxable temporary differences related to future periods and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized.
- The carrying amounts of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that no sufficient taxable profit will be available to allow all or part of the asset to be recovered.

3/9: Borrowing costs:

- Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.
- All other borrowing costs are expensed in the period in which they are incurred.

3/10: Revenue Recognition:

- Revenue is recognized when the product is delivered and its ownership is finally transferred to customers & an invoice is issued. Through this invoice the revenue can be measured and the company incurred cost can be determined in an accurate and reliable way.
- The interest income is recorded according to timing percentage basis taking into consideration the targeted income on assets.

3/11: Cash and Cash Equivalents:

- The statement of cash flows is prepared on the basis of "Indirect Method" according to Egyptian Accounting Standard No. 4 "Cash Flow" and for the purpose of preparing the cash flow statement, Cash and cash equivalents includes Cash at hands and in Banks and time deposits with original maturities of three months or less and not subject to risk of change in its fair value.

3/12: Provisions:

- A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.
- In the case of the existence of contingent liabilities that does not apply to the recognition conditions, either because of lack of expected flows to outflows resources which include the economic benefits required to settle the obligation or it is not possible to estimate the value of commitment reliably then it is disclosed in the financial statements.

3/13: Employees Benefits:

The Benefits of retirement pensions

- The company pays the contributions to the Public Authority for Social Insurance for the benefit of employees of the company, according to the Social Insurance Law No. (79) Of 1975, and its amendments. The subscriptions amounts included in the income statements, according to accrual basis. The company is not committed to pay any obligations other than the value of the contributions mentioned above.

The end of services benefits

- The company calculates the obligations arising from the benefits of the end of service as specified in the assessment of the benefits of future earned by employees and subject those benefits are deductible to determine their present value by an actuary and recognize the profit or loss on the settlement of the benefit of end of service and that at the time of the settlement and the company follows International Accounting Standards No. 19, and its amendments "Employee Benefits".

3/14: Impairment of Assets:

- At each balance sheet date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.
- Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.
- Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

3/15: Profit distribution:

- Profit distribution is recognized as a liability in the period in which they are declared and approved by the AGM.

3/16: Earning per share

- Earnings per share is calculated by dividing the profit available for distribution by the average number of the shares outstanding during the period/year.

3/17: Related Party Transactions:

- Related parties are represented in the Company's shareholders, board of directors, executive directors and/or companies in which they own directly or indirectly shares giving them significant influence or controls over the company. Transactions with related party are recognized in the context of regular transactions according to the conditions determined by the board of directors. Transaction with related parties is carried out on the same bases the company deals with other parties.

3/18: Treasury Shares:

- Treasury shares consist of the Parent Company's own issued shares that have been reacquired by the Company and not yet reissued or cancelled, the treasury shares are accounted for using the cost method which include all direct costs related to the purchase transaction and in case the company sell the treasury shares with higher or lower price, the gain/loss is charged to the Shareholders Equity. The treasury shares are deducted from the Equity. Noncash dividends are paid on these shares. The issue of bonus shares increases the number of treasury shares proportionately and reduces the average cost per share without affecting the total cost of treasury shares.

3/19: Debtors and Sundry Debtors:

- Trade, notes and other receivables are recognized and carried at original invoice amount less an allowance for any uncollectible amounts, an estimate of doubtful debts is made when collections of the full amount are no longer probable, Bad debts are written off when identified, other debit balances are stated at cost less impairment losses.

3/20: Creditors and Suppliers:

- Trade, contractors and other credit balances are stated at cost.

3/21: Expenses Recognition:

- All expenses including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of profit or loss in the financial year in which these expenses were incurred.

3/22: Fair value Measurement:

- Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or the most advantageous market for the asset or liability.
- The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
- A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.
- For assets traded in an active market, fair value is determined by reference to quoted market bid prices.
- The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for items with similar terms and risk characteristics.
- For unquoted assets, fair value is determined by reference to the market value of a similar asset or is based on the expected discounted cash flows.
- The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
- All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

4. Fixed Assets (Net):

- Detailed as follows:

Egyptian Pounds

Details	Land	Building & Utilities	Machinery & Equipment	Motor Vehicles	Tools	Office Furniture & Equipment	Total
Cost 1/1/2022	1,651,078	703,240,957	1,772,822,762	24,916,087	34,436,111	33,481,294	2,570,548,289
Additions of the period	-	1,792,288	53,988,712	978,070	1,486,835	3,629,296	61,875,201
Disposals of the period	(1,651,078)	-	-	(1,713,433)	-	(20,229)	(3,384,740)
Cost 31/12/2022	-	705,033,245	1,826,811,474	24,180,724	35,922,946	37,090,361	2,629,038,750
Acc Depreciation at 1/1/2022	-	230,510,713	1,224,329,843	22,595,894	28,969,371	21,885,983	1,528,291,804
Dep. of the period	-	17,964,804	66,769,090	616,375	2,310,201	2,949,355	90,609,825
Disposals of the period	-	-	-	(1,226,337)	-	(9,809)	(1,236,146)
Accumulated Depreciation 31/12/2022	-	248,475,517	1,291,098,933	21,985,932	31,279,572	24,825,529	1,617,665,483
Net Book Value 31/12/2022	-	456,557,728	535,712,541	2,194,792	4,643,374	12,264,832	1,011,373,267

Cost 1/1/2021	1,651,078	694,928,674	1,769,343,057	23,135,385	32,519,319	31,895,426	2,553,472,939
Additions of the period	-	8,312,282	3,479,705	1,780,702	1,916,792	1,826,762	17,316,243
Disposals of the period	-	-	-	-	-	(240,893)	(240,893)
Cost 31/12/2021	1,651,078	703,240,956	1,772,822,762	24,916,087	34,436,111	33,481,294	2,570,548,289
Acc Depreciation at 1/1/2021	-	212,708,523	1,156,249,535	22,154,889	26,927,340	19,076,805	1,437,117,093
Dep. of the period	-	17,802,190	68,080,307	441,004	2,042,031	2,936,481	91,302,015
Disposals of the period	-	-	-	-	-	(127,304)	(127,304)
Accumulated Depreciation 31/12/2021	-	230,510,713	1,224,329,843	22,595,894	28,969,371	21,885,983	1,528,291,804
Net Book Value 31/12/2021	1,651,078	472,730,243	548,492,919	2,320,194	5,466,740	11,595,311	1,042,256,485

- Fully depreciated fixed assets and still in use in Sinai Cement Company as at 31 December 2022 amounted to LE 633,749,863. There are no fixed assets temporary broken-down, or out of use or retained until disposal as of 31/12/2022.
- There are no fixed assets mortgaged or retained as of 31/12/2022.

5. Construction Works in Progress:

- The construction works in progress as at 31/12/2022 represent the work and advances for the buildings, construction, roads and other works performed in the plant as follows:

Egyptian Pounds

Details	Balance as at 31/12/2022	Balance as at 31/12/2021
Projects in Progress	55,331,379	39,510,173
Advances	-	649,997
Letters of credit	6,043,081	23,065,764
Total	61,374,460	63,225,934

6. Long-term Financial Investments:

- Detailed as follows:

Name of the company	No. of shares	Value per share	Shareholding (%)	Total Shareholding & Amount paid	Egyptian Pounds	
					Carrying value At 31/12/2022	Carrying value At 31/12/2021
Sinai White Cement Co.	888,887	100	25.40%	100,521,920	100,521,920	100,521,920
Sinai Cement for Services	2,499,000	10	99.96%	24,990,000	24,990,000	24,990,000
Sinai Cement for International Trade	4,950	10	99%	49,500	49,500	49,500
Total (2)				125,561,420	125,561,420	125,561,420

- Summary of the financial information of the investment companies as per their financial statements detailed as follows:

Details	Assets	Liabilities	Equity	Revenue	Expenses	Profit (losses)
<u>31/12/2022</u> Sinai White Cement Co.	3 093 606 101	717 866 415	2 375 739 686	1 147 381 931	493 699 338	653 682 593
<u>31/12/2022</u> Sinai Cement for Services	13,097,288	19,337,149	(6,239,861)	36,757,854	47,369,372	(10,611,518)
Sinai Cement for International Trade*						

- *Sinai Cement company participation in the shareholding of Sinai Cement for international trade (LLC) represents shareholding in the issued and paid in capital. The company purpose is export, import and commercial agency. The company has not started its operations yet and has not issued any financial statements yet.
- Sinai Cement for Services make transport for bulk cement

7. Inventories (Net):

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2022	31/12/2021
Finished Products (packed & bulk)	16,771,556	25,715,803
Semi-Finished products	25,355,323	22,291,264
Work in process	1,825,557	1,634,381
Raw materials	62,059,217	16,052,170
Spare parts	162,807,325	190,125,102
Fuel, Oils & Refractories	595,066,833	55,493,115
Supplies	6,693,319	5,815,648
Packing materials	22,914,467	21,633,197
Computer utilities	46,441	46,441
Total	893,540,038	338,807,121
Less: Provision for slow moving inventories	7,991,694	7,991,694
Inventories (net)	885,548,344	330,815,427

8. Debtors and Notes Receivable (Net):

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2022	31/12/2021
Customers	10,865,962	14,298,622
Notes receivables	269,210,159	117,786,200
Total	280,076,121	132,084,822
Less: Expected Credit Losses	10,808,109	14,176,081
Net	269,268,012	117,908,741

9. Due from affiliated companies:

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2022	31/12/2021
Sinai White Cement	781,158	606,698
Sinai Cement for Services	6,112,442	1,884,147
Sinai Cement for International Trade	7,806	7,806
Total	6,901,406	2,498,651

10. Sundry Debtors (Net):

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2022	31/12/2021
Advances to Suppliers	238,101,631	174,046,691
Sundry Debtors	38,621,754	29,290,140
Total	276,723,385	203,336,831
Less: Expected Credit Losses	160,387	160,387
Net	276,562,998	203,176,444

11. Other Debit Accounts:

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2022	31/12/2021
Refundable Deposits	28,437,111	28,800,168
Prepaid Expenses	5,038,000	5,239,028
Accrued Income (Interest income)	3,368,797	4,700,510
Letters of Credit - (Spare parts & other supplies)	4,021,005	4,976,950
Payment under tax account	87,839,257	92,058,227
Added Tax - Customs Authority (Craft paper)	7,282,303	4,312,862
Total	135,986,473	140,087,745

12. Financial Investments:

- Represent value of 2167 shares from the Development Company for the industrial free zone of East Port Said with value of LE 50 per share. The paid amounted to LE 65,010 representing
- LE 30 per share and the shareholding 00.15% represent Sinai Cement Company got this investment as a result of liquidating the Egyptian investment and Finance Company and the company has no plan yet for such investment.

13. Cash at Hand & in Banks

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2022	31/12/2021
Cash at hand	343,642	149,774
Bank current accounts L.E	33,821,579	59,369,389
Bank current accounts with interest L.E	9,753,804	5,620,267
Cash at bank - Deposits LE	180,000	120,000
Bank current accounts foreign currencies	65,455,434	14,117,666
Cheques under collection L.E	15,146,250	14,593,250
Total	124,700,709	93,970,346

14. Capital:

- The authorized capital amounted to L.E 2 billion. As at 31/12/2022 the issued, subscribed and paid in capital amounted to L.E 1,330,658,670 and divided into 133,065,867 shares of L.E 10 each.

15. Capital increase

- On 14/3/2022, the extraordinary general assembly meeting of the company held on 25/6/2018 was approved, and the assembly agreed to increase the authorized capital from 1 billion Egyptian pounds to 2 billion Egyptian pounds, in order to accommodate the increase in the issued capital, as well as absorb any Future increases, and an increase in the issued capital from the amount of 680,584,430 Egyptian pounds to the amount of 1,330,658,670 Egyptian pounds, according to a cash increase of 650,074,240 Egyptian pounds distributed over the number of shares of 65,007,424 shares with a nominal value of 10 pounds per share as resulted from the subscription The year is for old shareholders during the period from 25/3/2018 to 23/4/2018, and the company's commercial registry has indicated that on 15/3/2022.

16. Deferred Tax:

- The Company calculates the deferred tax liability in accordance with the independent tax consultant's memorandum as at 31/12/2022 the deferred tax liability amounted to L.E 125,012,602.

17. Long term loans:

- Detailed as follows:

Details	31/12/2022	31/12/2021
Bank QNB	203,619,394	-

- The long-term loan is a loan with Qatar National Bank as at 3 March 2022 For the purpose of scheduling the debit balance for the credit limit dated 3/4/2018.

18. Bank Facilities:

- Detailed as follows:

Details	31/12/2022	Egyptian Pounds 31/12/2021
HSBC Bank	-	87,930,824
Credit Agricole Bank	333,896,289	575,101,813
Qatar National Bank AL Ahli	890	358,660,976
Suez Canal Bank	266,412,108	655,307,961
AL Ahli united Bank	-	132
First Abu Dhabi	94	-
Total	600,309,381	1,646,001,706

- Bank facilities provided from the Qatar National Bank AL-Ahli and in light of the amendments maintained represented in Overdraft line, letter of Credit and re-finance it and letter of Guarantee to finance the working capital.
- Bank facilities provided from the HSBC Bank (renewable) represented in overdraft line and letter of credit and re-finance them to finance the working capital and refinance it.
- Bank facility provided from Credit Agricola Bank represented in a bank facility and overdraft.
- The bank facility granted by the Suez Canal Bank is represented in a current account owed to the company by guaranteeing savings containers to vicat Egypt for the Cement Industry.

19. Provisions:

- Detailed as follows:

Details	31/12/2022	Egyptian Pounds 31/12/2021
Provision for end of service benefits	13,028,000	8,957,000
Provision for claims (Government Fees and taxes)	99,825,076	75,343,076
Total	112,853,076	84,300,076

The provision movements during the financial Year Ending 31/12/2022 represented as follows:

Details	Balance as at 1/1/2022	Formed provision	Used during the Period	Balance as at 31/12/2022
Provision for end of service benefits	8,957,000	4,765,942	694,942	13,028,000
Claims provision	75,343,076	24,482,000	-	99,825,076
Total	84,300,076	29,247,942	694,942	112,853,076

- Claims Provision represents the expected claims from some parties concerning the company activity and the management reviews the provisions regularly and amends according to the agreements and progress with such parties.

20. Short term loans from Affiliated Companies:

- On 14/1/2019, Vika Egypt for Cement Industry SAE (shareholder) signed a loan contract for Sinai Cement Company with two hundred million pounds at an interest rate of 8.5% annually, the loan term is one year, renewable by agreement of the two parties. The first installment of the loan was received, amounting to one hundred million pounds in 2019 and one hundred million Egyptian pounds during February and March 2020. Sinai Cement Company is committed to paying taxes imposed by government agencies in relation to sign a loan contract. The Ordinary General Assembly of Sinai Cement Company on 29/3/2018 approved the loan.
- On 10/5/2022 the mentioned loan contract was amended, as it was agreed between the two parties to increase the loan amount to reach the amount of one billion two hundred million Egyptian pounds for a period ending on 5/9/2023, subject to renewal by agreement of the two parties, and a payment of the loan was received. And the amount of two hundred and fifty million Egyptian pounds during the months of May and June 2022 and another loan payment has been received amount of four hundred million Egyptian pounds during the months July and August. The Ordinary General Assembly of the Sinai Cement Company on 26/4/2022 approved the increase of the loan amount.
- Accordingly, the balance of short-term loans from affiliated companies on 31/12/2022 became nine hundred and fifty million Egyptian pounds.

21. Suppliers, Creditors and Notes Payable:

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2022	31/12/2021
Suppliers	80,821,448	128,041,784
Notes payable	266,546,957	147,764,297
Creditors	653,325,589	388,442,760
Coupons payable and advances from customers	128,845,379	101,007,542
Total	1,129,539,373	765,256,383

22. Other Credit Accounts:

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2022	31/12/2021
Accrued expenses	219,879,537	50,152,897
Sundry credit accounts	42,995,823	29,480,652
Third party deposits	10,510,191	7,189,112
Dividend Payable	9,278	9,278
Total	273,394,829	86,831,939

23. Cost of sale:

- Detailed as follows:

Egyptian Pounds

Details	31/12/2022	31/12/2021
Raw materials, Supplies, fuel, power, packing sacks	1,761,956,506	951,333,195
Wages, Salaries	41,833,792	38,170,121
Operation and Development fees	78,643,977	78,393,879
Various supplies	4,453,399	5,170,403
Stationery and Prints Tools	6,974	14,644
Maintenance expenses	78,877,536	76,025,512
Public relations expenses	916,394	149,175
Travel and transportation	77,367	43,038
Governmental fees and stamps and mail and telephone	2,292,644	1,185,183
Insurance	6,302,791	5,790,100
Consultancy fees and studies	1,756,450	1,735,645
Transfer & loading expenses	4,123,492	3,207,443
Cleaning, others and security and guard and custom expenses	17,054,094	7,387,346
Accommodation, operating expenses for service fees	86,596,011	72,954,352
Rents	27,894,515	36,466,592
Industrial fixed assets depreciation	86,777,804	87,675,120
Amortization of intangible assets	11,152	
Total	2,199,574,898	1,365,701,748
Add /deduct:		
Change in inventory	(5,485,865)	18,500,996
Net	2,194,089,033	1,384,202,744

24. Selling & distribution Expenses:

- Detailed as follows:

Egyptian Pounds

Details	31/12/2022	31/12/2021
Salaries & Wages	7,938,012	6,599,780
Transfer & loading expenses & renting cars to transport cement	120,969,722	167,848,491
Stationery and Prints Tools	10,000	3,330
Maintenance expenses	45,565	46,966
Public relations expenses	(127,239)	9,199,540
Travel and transfers	991	21,594
Governmental fees, stamps, & telephone	793,173	266,453
Insurance	68,778	55,934
Cleaning, gratuities and others	2,887,420	2,633,576
Gifts	38,669	20,362
Export expenses and the right to use the quality mark	786,350	1,208,550
Rents	90,232	231,565
Non-Industrial depreciation	52,657	52,658
Total	133,554,330	188,188,799

25. General & Administrative Expenses:

Details	Egyptian Pounds	
	31/12/2022	31/12/2021
Salaries & Wages	30,892,134	27,527,607
Board of Directors Member salaries and allowances	4,313,505	2,088,934
Electricity, gas and fuel	868,738	947,207
Stationery and printings	330,714	224,204
Maintenance expenses	2,188,533	2,176,688
Advertising and public relations	2,245,352	2,009,255
Travel and transportation	664,906	334,126
Governmental fees and stamps and mail and telephone	4,561,542	6,141,519
Insurance	4,006,066	2,270,506
Consultancy fees and studies	5,724,812	1,189,592
Cleaning and others expenses	825,295	955,074
Accommodation	227,818	54,477
Technical assistance	27,564,877	17,850,706
Rents	10,034,553	8,336,367
Donations	219,634	171,204
Solidarity contribution	5,900,462	3,709,797
Real Estate Tax	28,440	68,760
Compensations and fines	40,000	15,000
Non-Industrial depreciation	3,779,405	3,574,237
Total	104,416,786	79,645,260

26. Earnings per share:

Details	Egyptian Pounds	
	31/12/2022	31/12/2021
Net consolidated (Losses) for the year	319,800,970	(344,997,068)
Weighted average number of shares	133,065,867	68,058,443
Earnings (loss) per Share	(2.40)	(5.07)

27. Tax Status:

Company Details:

- Tax File number: 00/00/267/10/5/555
- Tax Registration number: 205 - 001 - 548
- Tax Office: Tax authority large payers

FIRST: Corporate Income Tax:

- The company presents its tax returns in due time and the tax exemption have been ended on 31/12/2011.

Years from start of operation year 1998 to Year 2012:

- The company was examined and the tax due on it was paid according to Form 9 reservation issued by the Tax Center for Major Financiers on 17/10/2019, and the estimates of the mission were challenged in some items and a lawsuit was filed before the Supreme Administrative Court, and a request was submitted to the Dispute Resolution Committee No. 49/2637

Years from 2013 to 2014 :

- The company was examined and the examination resulted in some items of disagreement, and it was referred to the internal committees and then the specialized internal committees issued their decision, and the result was objected to and referred to the tax appeal committees, which issued its decision to reduce the tax bases concluded by the specialized internal committee, and thus the tax became payable and the mission linked the tax according to the decision of the appeal committee, The company has paid the tax due according to Form 9 reservation referred to above.
- It should be noted that the company has appealed this decision before the Administrative Court under the lawsuit No. 5597 of 76 BC, D 26 taxes

Years from 2015 to 2017:

- The company was notified with a tax form 19 with Tax Center number 1697 issued on 29/9/2020 with an estimated tax value of about 382 million Egyptian pounds This was without actual examination due to the circumstances of the statute of limitations, and it was appealed against in the legal dates with the Tax Center incoming number 528 on 5/11/2020 , a decision was taken to re-examine the actual for those years in the second internal committee of the tax center based on our request with the minutes of the mentioned committee, and we have not yet been notified of the date of the actual examination for the years of conflict with the knowledge of the competent examination division to date.

Years from 2018 to 2019:

- The company submits tax returns on legal dates and pays the due on a regular basis.

Years from 2020 to 2021:

- The company presents its tax returns in due time

SECOND: Value Added Tax "VAT":

- The company submits tax returns on legal dates and pays the due on a regular basis.

Years from start of operation year 1998 to Year 2014:

- The final settlement has been completed and there are no outstanding dues.

Year 2015:

- The examination resulted in tax differences in the amount of 2,916,325 Egyptian pounds, in contrast to the amount of delay until the year 2019, which amounted to 2.07 million Egyptian pounds. It was challenged before the Center of Tax authority large payers, and it was not agreed to resolve it, as the Center stipulated the company's approval to waive some of the main points of contention until the others are approved.
- Accordingly, the committee was referred to the committee, attendance was made, and a defense memorandum was submitted in support of the documents, and the article was reserved for the decision in the 14/11/2021 session, and the committee's decision was issued to reduce the differences by about one million pounds, and accordingly the company filed a lawsuit with the State Council Court No. 19971 For the year 76 (Department of Taxes 5), And in the session 27/3/2022, the preliminary court ruling was issued referring to the experts' office of the Ministry of Justice to make a technical recommendation, and an additional defense memorandum will be submitted to the lawsuit newspaper before the experts' office, knowing that the company has paid these differences on 5/4/2022, The company has submitted a request to end a dispute and submitted it on 4/12/2022.

Years from 2016 to Year 2017:

- The examination was carried out, which resulted in examination differences totaling a value of 36,105,208 pounds, and that was in the form of 15 VAT issued No. 684 and dated 28/2/2022, and this form has been approved, provided that the differences are corrected. A check that was settled in subsequent years, the value of which is 32,702,717 pounds, note that the company has paid these differences 30/8/2022.

Years from 2018 to Year 2019:

- The examination was carried out, which resulted in differences totaling a value of 20,140,768 EGP and, if tax exemption certificate is obtained from dealings with some parties it will decrease by an amount 11.655 million EGP and it will also decrease by the value of the deposits recovered for coal dues by an amount 16,500,508 EGP to become the net tax dues by an amount 3,641,871 EGP, note that the company has paid these differences 30/8/2022.

THIRD: Withholding Tax:

- The company presents its tax forms in the due times and pays the tax due regularly.
- The company is regularly inspected for withholding taxes with no tax differences.

FOURTH: Stamp Tax:

Years from start of operation to year 2020:

- The tax differences were examined and settled as a deduction from the balances of the advance payments due to the company according to the latest form 9 reservation issued by the mission.

Year 2021- :

- The examination was not requested by the mission.

FIFTH: Salaries Tax:

- The company presents its tax returns in the due times and pays the tax due regularly.

Years from start of operation to Year 2014:

- The tax differences were examined and settled as a deduction from the balances of the advance payments due to the company according to the latest form 9 reservation issued by the mission

Years from 2015 to 2020- :

- The company was examined and the examination resulted in tax differences due of 5,332,313 pounds, including fines, and it was approved, payment is underway and the final forms are extracted.

Year 2021- :

- The examination was not requested by the mission.

SIXTH Tax on dealings with related parties:

- The center of tax authority large payers was notified the company with a tax form payment (3/1) with tax center number 1804 on 22/2/2022 a fine was demanded amount 9,945,448 EGP from un completing the contents of the main and local file of tax settlement 2022, according to article number 30 of law number 91 for 2005 and articles 12/13 of law number 206 for the year 2020, that's in addition to 534,567 (other than delay charge) , with a total fines amount 10,480,015 L.E till January 2022.
- The company has appealed the legal deadline, and completing these files as appropriate and presently to the tax authority.

SEVENTH: Development dues:

- The company presents its monthly declaration regularly.
- The company was examined until 2015, and the company was asked for examination differences until December 2015 in the amount of EGP 909,975, and it was challenged on the established dates, and the appeal was accepted in form, and in the matter, the Appeals Committee agreed with the Tax Authority's point of view, and the Company filed a case with the State Council to challenge the Committee's decision. No session has been set to date, and the company has paid these differences, and a request to end a dispute was submitted on 12/25/2022.

EIGHTH: Real Estate "Property" Tax:

- The company paid tax claims for real estate tax due for the administrative office in Cairo and for the Plant in EL Arish - North Sinai Governorate. There is no dispute with the Real Estate Tax Authority.

NINTH: cases filed by and against the company:

- In light of the certificate of the company's legal advisor, His Excellency's opinion ended with the creation of a provision under the account of the cases filed against the company in the amount of approximately one million pounds under the deficit and the increase.

28. Related Parties Transactions:

- Pursuant to the approval of the extraordinary general assembly on 9/7/1998 to authorize the company's Board of Directors to approve the existence of any contractual relations between the company and one of the founders or one of the members of the board of directors or any of the shareholders and accordingly the company has contracted with each of the following:
 - Sinai White Cement Co. (sister company), where the Sinai Cement Company contributes 25.4% of its capital, and there are transactions and a current account between them.
 - Vicat company - Technical Assistance contract.
 - Vicat Egypt Cement Company. A short-term loan.
 - Sinai Cement Services Company is a subsidiary company and carries out bulk cement transportation to clients.
 - Reliance Logistics Company that supplies briquette and its logistic works.

The following presents the extent of dealing with related parties during the financial period at 31/12/2022.

Egyptian Pounds		
Details	Transaction d during the Period	Balance as at 31/12/2022
VICAT (Technical assistance)	23,760,501	174,068,251
VICAT Egypt Cement Company. (Loan & Interest)	794,311,781	1,031,991,233
SINAI WHITE CEMENT	1,691,384	781,159
SINAI CEMENT FOR SERVICES	36,757,854	6,112,442
Reliance Logistics Company	988,867,717	97,497,381

29. Capital Commitments:

- The remaining outstanding shareholding in the capital of Industrial Free Zone Development Co. - East Port Said amounting to LE 34,672 representing 32%.
- The remaining of all contracts and agreements related to construction works inside the plant and other commitments to purchase fixed assets amounting to LE 506,660.

30. Contingent Liabilities & Probable commitments:

- Contingent liabilities as at 31/12/2022 represent unsecured amounts of the letters of guarantee and letters of credit issued to third party as follows:

Details	L.E	U\$ dollar	€ Euro
Letters of credit	-	-	53,302
letters of guarantee	50,000	-	-

31. Financial Instruments:

- The financial instruments represent items with monetary nature which include cash at hand and in banks, debtors, notes receivables and some debit balances and due from affiliated companies. The financial liability includes bank facilities, creditors and credit balances and due to affiliated companies and They are the assets and liabilities of the company that will be received or paid in fixed or specified amounts of cash and include Note No.3 to the financial statements includes accounting policies adopted for the measurement and reporting of the major financial instruments and their related profit and loss.

32. Fair value of financial instruments:

- In accordance with the bases of valuation of the company's assets and liabilities as per Note No.2 the fair value of the financial assets and liabilities are not materially different from their book value at the date of the financial statements.

33. Risk Management

Introduction

- Risk is inherent in the company activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability. The major risks to which the company is exposed in conducting its business and operations, and the means and organizational structure it employs in seeking to manage them strategically in building shareholder value are outlined below.

33/1- Risk management structure

- The Board of Directors of the Company is ultimately responsible for the overall risk management approach and for approving the risk strategies and principles.

33/2- Excessive risk concentrations

- Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the company's performance to developments affecting a particular industry or geographical location.
- In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on country and counter party limits and maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly.

33/3- Credit risk

- Credit risk is the risk that one party of a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company manages credit risk by setting limits for individual counter-parties, monitors credit exposures, and continually assesses the creditworthiness of counterparties, with the result that the Company's exposure to bad debts is not significant.
- Credit risk is the risk that one party will fail to discharge an obligation. Company credit risk is limited as the company trades with clients with good financial solvency.
- The Company trades only with recognized, creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis.
- With respect to credit risk arising from the financial assets of the Company, which comprise bank balances and short-term deposits, the Company's exposure to credit risk arising from default of the counterparty, with a maximum exposure equal to the carrying amount of bank balances, short term deposits and accounts receivable.

Gross maximum exposure to credit risk:

The table below shows the gross maximum exposure to credit risk across financial assets.

Details	Egyptian Pounds	
	31/12/2022	31/12/2021
Bank balances and short-term deposits	124,700,709	93,970,346
Cash in Banks blocked under capital increase	-	650,074,240
Accounts receivable and other assets	688,783,899	463,736,591
Total	813,484,608	1,207,781,177

Credit related commitments

Financial instruments with contractual amounts representing credit risk:

Details	Egyptian Pounds	
	31/12/2022	31/12/2021
Letters of guarantee	50,000	50,000
Letters of credit	1,400,990	952,992
Total	1,450,990	1,002,992

33/4- Liquidity risk

- Liquidity risk is the risk that the Company will be unable to meet its liabilities when they fall due. To limit this risk, management has arranged diversified funding sources, manages assets with liquidity in mind, and monitors liquidity on a daily basis.
- The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.
- The table below summarizes the maturity profile of the company's financial liabilities based on contractual undiscounted repayment obligations. The liquidity profile of financial liabilities reflects the projected cash flow which includes future interest payments over the life of these financial liabilities.

Details	Egyptian Pounds	
	31/12/2022	31/12/2021
Creditors, Suppliers and Notes payable	1,129,539,371	765,256,383
Credit balances and other credit balances	273,394,829	86,831,939
Bank Facilities and Loans	803,928,775	1,846,001,706
Total	2,206,862,975	2,698,090,028

33/5- Market Risk

- Market risk is the risk that the value of an asset will fluctuate as a result of changes in market variables such as interest rates, foreign exchange rates and equity prices, whether those changes are caused by factors specific to the individual investment or its issuer or factors affecting all investments traded in the market.
- Market risk is managed on the basis of pre-determined asset allocations across various asset categories, diversification of assets in terms of geographical distribution and industry concentration, a continuous appraisal of market conditions and trends and management's estimate of long- and short-term changes in fair value.

33/6- Interest rate risk

- Interest rate risk arises from the possibility that changes in interest rates will affect future profitability or the fair values of financial instruments. Interest rate risk is managed by the finance department of the Company. The company is exposed to interest rate risk on its interest-bearing assets and liabilities (bank deposits, loans and borrowings) as a result of mismatches of interest rate reprising of assets and liabilities. It is the Company's policy to manage its interest cost using a mix of fixed and variable rate debts. The Company's policy is to keep a substantial portion of its borrowings at variable rates of interest. The company is controlling the maturity dates of the monetary assets and liabilities with their related interest rate.

33/7- Equity price risk

- Equity price risk arises from changes in the fair values of investments. The Company manages this through diversification of investments in different sectors. All of the Company's investment shares are not quoted on the Stock Exchange.

33/8- Foreign currency risk

- Currency risk is the risk that the value of the financial instrument on monetary items will fluctuate due to changes in the foreign exchange rates that affect payments and receipts in foreign currencies in addition to valuation of assets and liabilities in foreign currencies. Accordingly, the company is facing the risk of fluctuation in exchange rates due to the non-existence of sufficient balances denominated in foreign currencies. As at 31/12/2022 there were liabilities denominated in foreign currencies amounting to U\$ dollar 402,384 and € Euro 7,122,483 against assets denominated in foreign currencies amounting to U\$ dollar 2,867,143 and € Euro 74,789. Assets & Liabilities have been revalued at the prevailing exchange rate at that date.

33/9- Capital Management

- The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business maximize shareholder value and remain within the quantitative loan covenants. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The company's management, aims to ensure its continuity as a working entity and maintain an effective capital structure with the aim of developing business and maximizing the return to shareholders through optimizing the use of equity.
- The capital structure of the company consists of Company Equity which comprise issued capital, reserves, retained earnings and net Losses, of the period as at 31/12/2022 amounted to EGP (496,446,568) and as at 31/12/ 2021 amounted to EGP 146,511,102.
- On 14/3/2022, the extraordinary general assembly meeting of the company held on 25/6/2018 was approved, and the assembly agreed to increase the authorized capital from 1 billion Egyptian pounds to 2 billion Egyptian pounds, in order to accommodate the increase in the issued capital, as well as absorb any Future increases, and an increase in the issued capital from the amount of 680,584,430 Egyptian pounds to the amount of 1,330,658,670 Egyptian pounds, according to a cash increase of 650,074,240 Egyptian pounds distributed over the number of shares of 65,007,424 shares with a nominal value of 10 pounds per share as resulted from the subscription. The year is for old shareholders during the period from 25/3/2018 to 23/4/2018 and the company's commercial registry has indicated that on 15/3/2022. Thus, the number of companies shares after the increase became 133,065,867 shares.

34- Comparative figures: -

- Comparative figures are reclassified whenever necessary to keep pace with the changes in the presentation used in the current period, and no figures have been reclassified during the period.

35- Losses brought forward:

Details	Balance
Balance 1/1/2022	1,733,692,786
Quarry royalties settlement	31,009,685
Settlement of customs deposits	(875,189)
Total	1,763,827,282

36- Important events: -

- On January 26, 2022, the extraordinary general assembly meeting of the company was held, and it was approved from General Authority for Investment and Free Zones on 31/3/2022, and it agreed with a majority (99.99%) of the present shares to transfer the right of the neck to the area of land owned by Sinai Cement Company in the Sinai region in favor of North Sinai Governorate in return for a value equal to the net book value of the land. At the same time, the signing of a usufruct contract for the same area of land for a period of 50 years, renewable for another 25 years, on the condition of releasing the capital increase and taking the following decisions: 1/ The shareholders approved by a majority (99.99%) to authorize Mr. Tamer Magdy Ragheb The managing director of the Sinai Cement Company or whoever he delegates to negotiate with North Sinai Governorate to conclude a usufruct contract for a period of 50 years, renewable for another 25 years, within an annual amount of 100,000 pounds.
- The shareholders approved by a majority (99.99%) the offer of Vicat Company, through its subsidiary company - Vicat Egypt Cement Industry SAE, to compensate any shareholder who wishes to do so as a result of waiving the right of the neck for the land area, after releasing the excess The capital and the issuance of new shares, either by paying a cash compensation to the shareholder in the amount of 25. pounds per share, equivalent to 20% higher than the market value of the land through the shares of the shareholders who wish to do so at a price equal to the average price per share in the market during the last 6 months, plus 25. Egyptian pounds.
- On 14/3/2022, the extraordinary general assembly meeting of the company held on 25/6/2018 was approved, and the assembly agreed to increase the authorized capital from 1 billion Egyptian pounds to 2 billion Egyptian pounds, in order to accommodate the increase in the issued capital, as well as absorb any Future increases, and an increase in the issued capital from the amount of 680,584,430 Egyptian pounds to the amount of 1,330,658,670 Egyptian pounds, according to a cash increase of 650,074,240 Egyptian pounds distributed over the number of shares of 65,007,424 shares with a nominal value of 10 pounds per share as resulted from the subscription The year is for old shareholders during the period from 25/3/2018 to 23/4/2018, and the company's commercial registry has indicated that on 15/3/2022 Thus, the number of company shares after the increase became 133,065,867 share.
- On 17/3/2022, the Egyptian Stock Exchange (the Securities Listing Committee) agreed in its session held on 17/3/2022 on the following:
 - **First:** Registering the increase in the authorized capital of Sinai Cement Company from 1 billion Egyptian pounds to 2 billion Egyptian Pound.
 - **Second:** List the shares of increasing the issued and paid-up capital of Sinai Cement from 680,584,430 EGP to 1,330,658,670 EGP with a cash increase of 650,074,240 EGP distributed over 65,007,424 shares with a nominal value of 10 EGP per share and the increase Paid according to a bank deposit certificate through cash subscription to old shareholders, and the increase represents the (fourth issue), in the Egyptian securities listing "shares".
 - **Third:** The Company's shares shall be listed after the cash increase in the database, starting from the beginning of the trading session on the day following the receipt of the letter of the Company/Misr for Clearing and Central Depository accepting the registration of the increase shares in the central deposit and registry system.
- On 14/8/2022, the extraordinary general assembly of the company, held on 17/6/2021, was approved, and the assembly approved the following:
 - 1/ Continuity of the company's activity despite its losses exceeding more than half the value of shareholder's equity
 - 2 / Change the company's headquarters to become on the first floor of the administrative building located on plot No. 12B04 - located in Cairo Festival City project - New Cairo - Cairo.

3/ Amending Article (21) of the Articles of Association to become: The management of the company shall be carried out by a board consisting of at least seven members and thirteen members at most appointed by the general assembly, taking into account that the members of the board of directors are elected using the cumulative voting system so that each shareholder is granted a number of votes equal to the number of shares he owns to vote in the selection of the members of the company's board of directors, The shareholder may grant all votes owned by him to one or more candidates, allowing proportional representation in the membership of the Board of Directors whenever possible.

Increased risks to operations: -

- Beginning year of 2020, the world was affected by epidemic of Corona virus, which led to disruption of commercial and economic activities, and the consequent slowdown of many of the economies of the major countries in the past period and the rise in global prices for goods and services, and this was followed by the outbreak of the Russian - Ukrainian war in 2022, which led to inflationary pressures that affected the economies of many countries, including the economy of the Arab Republic of Egypt.
- Therefore, these events will have an expected impact on the financial position and future business results of the company. It is currently impossible to determine the size of this impact on the assets and liabilities listed in the company's current financial statements.

Netting contracts:

- Based on the decision of the minutes of the Ordinary General Assembly held on 17/6/2021 and approved by the General Investment Authority on 13/2/2022, it was approved to authorize the members of the Board of Directors to sign the following contracts:
 - Contract with Reliance Logistics Company.
 - A contract with Sama Sina Investment Company.
 - Contract with Vicat Egypt for the cement industry