

**Sinai Cement Company**  
**SAE**  
**Independent Financial**  
**Statements**  
**&**  
**Auditor's Report**  
**As at 31st December 2023**

# CONTENTS

---

- Auditor's Report.
- Independent Balance Sheet as at 31<sup>st</sup> December 2023.
- Independent Income Statement for as at 31<sup>st</sup> December 2023.
- Independent Statement of Comprehensive Income as at 31<sup>st</sup> December 2023.
- Independent Statement of Changes in Shareholders' Equity as at 31<sup>st</sup> December 2023.
- Independent Cash Flows Statement as at 31<sup>st</sup> December 2023.
- Notes to the Independent Financial Statements as at 31<sup>st</sup> December 2023.

**Auditor's Report on Review of Independent Financial Statements**  
**To the Board of Directors of Sinai Cement Company, SAE**

**Introduction:**

We have carried our review of the Independent financial statements of Sinai Cement Company, S.A.E represented in the accompanying balance sheet as of 31<sup>st</sup> December 2023, and the related statements of income, comprehensive income, changes in shareholder's equity, and cash flows for the three months period then ended and a summary of the significant accounting policies and other explanatory notes.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Egyptian accounting standards. Our responsibility is to express a conclusion on these financial statements based on our review.

**Auditor:**

We conducted our review in accordance with Egyptian Standard on Financial Statements Performed by the Independent Auditor of the Entity." A review of financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on these financial statements.

**Without considering the following qualifications, we draw attention to the following:**

The company has called for convening the extraordinary general assembly of the company's shareholders on April 6, 2023 to consider the continuity of the company's activity despite its losses exceeding more than half of the shareholders' equity for the financial year ending on 31<sup>st</sup> December 2023, in accordance with Article No. (48) of the company's articles of association, and The assembly decided to unanimously approve the continuation of the company's activities, and was approved by the General Authority for Investment and free zone on 8/10/2023.

The combined losses of the company on 31<sup>st</sup> December 2023 amounted to EGP 2,201,209,864 has exceeded half of the company's equity at that date.

*Medhat Ghaly*



**Conclusion:**

Based on our review referred to above, and except to the effects / probable implications of what is mentioned in the above paragraph, nothing has come to our attention that causes us to believe that the accompanying financial statements at 31<sup>st</sup> December 2023 not give a true and fair view of the financial performance and its cash flows for the ending period in accordance with Egyptian Accounting Standards.

**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 28/3/2024





## Sinai Cement Company

S.A.E

## Balance Sheet

As at 31 December 2023

Egyptian Pounds

	Note No	12/31/2023	31/12/2022
<b>Assets</b>			
<b>Non Current Assets</b>			
Fixed Assets (Net)	4	967,198,768	1,011,373,267
Intangible Assets (Net)	3/3	920,965	939,988
Construction Works In Process	5	139,159,795	61,374,460
Long Term Financial Investments	6	125,561,420	125,561,420
Other financial Investments	12	65,010	65,010
<b>Total Non Current Assets</b>		<b>1,232,905,958</b>	<b>1,199,314,145</b>
<b>Current Assets</b>			
Inventories(Net)	7	883,259,621	885,548,344
Debtors&Notes Receivable	8	547,056,074	269,268,012
Due From Affiliated Companies	9	10,821,310	6,901,406
Sundry Debtors(Net)	10	76,195,147	276,562,998
Other Debit accounts	11	402,643,025	135,986,473
Cash at hand&in Banks	13	350,019,607	124,700,709
<b>Total Current Assets</b>		<b>2,269,994,784</b>	<b>1,698,967,942</b>
<b>Total Assets</b>		<b>3,502,900,742</b>	<b>2,898,282,087</b>
<b>Equity &amp; Liabilities</b>			
<b>Equity</b>			
Issued and paid-in Capital	14	1,330,658,670	1,330,658,670
Legal reserve		227,163,603	227,163,603
General reserve		29,359,411	29,359,411
Profit(losses)brought forward		(2,083,628,252)	(1,763,827,282)
(losses) for the year		(117,581,612)	(319,800,970)
<b>Total Equity</b>		<b>(614,028,180)</b>	<b>(496,446,568)</b>
<b>Non Current Liabilities</b>			
Deferred Tax Liability	15	132,485,238	125,012,602
<b>Long term loans</b>	16	170,895,515	203,619,394
<b>Total Long Term Liabilities</b>		<b>303,380,753</b>	<b>328,631,996</b>
<b>Current Liabilities</b>			
Bank Facilities	17	690,607,915	600,309,381
Provisions	18	105,541,205	112,853,076
Short term loans from Affiliated companies	19	1,746,543,178	950,000,000
Suppliers, Creditors & Notes Payable	20	993,648,328	1,129,539,373
Other credit accounts	21	277,207,543	273,394,829
<b>Total Current Liabilities</b>		<b>3,813,548,169</b>	<b>3,066,096,659</b>
<b>Total Liabilities</b>		<b>4,116,928,922</b>	<b>3,394,728,655</b>
<b>Total Liabilities &amp; Equity</b>		<b>3,502,900,742</b>	<b>2,898,282,087</b>

Financial Manager

Wael Mohamed Ali Mohamed Abd-Rabbou





Chief Financial Officer

Salah El-Sayed Atwa Ramadan



Managing Director

Tamer Magdy Ragheb

## Sinai Cement Company

S.A.E

## Income Statement

For The Financial Period From 1 January 2023 Till 31 December 2023

Egyptian Pounds

	Note No.	<u>12/31/2023</u>	<u>12/31/2022</u>
Sales (Net)		4,285,470,153	2,343,242,231
<b><u>Less</u></b>			
Cost of Sales	22	3,364,587,755	2,194,089,033
<b>GROSS (Gain)</b>		<b>920,882,398</b>	<b>149,153,198</b>
<b><u>LESS:</u></b>			
Selling and distribution expenses	23	556,987,405	133,554,330
General and administrative expenses	24	162,657,891	104,416,786
Finance expenses		275,591,963	183,953,231
Impairment in Debtors		(534,336.00)	0.00
Expected Credit Losses		0.00	(3,367,972)
Provisions other than depreciation		5,445,046	29,247,942
<b>TOTAL EXPENSES</b>		<b>1,000,147,969</b>	<b>447,804,317</b>
<b>Operating (Losses)</b>		<b>(79,265,571)</b>	<b>(298,651,119)</b>
<b><u>Add(deduct):</u></b>			
Interest Income		6,973,315	13,085,088
Capital gains profit (losses)		(210)	187,727
Other Income		227,856	162,292
Foreign Exchange gains Profit (losses)		(38,044,366)	(43,333,798)
		<b>(30,843,405)</b>	<b>(29,898,691)</b>
<b>Net (Losses) before tax</b>		<b>(110,108,976)</b>	<b>(328,549,810)</b>
<b><u>Less:</u></b>			
Deferred TAX		(7,472,636)	8,748,840
<b>Net (Losses) after tax for the year</b>		<b>(117,581,612)</b>	<b>(319,800,970)</b>
<b>Earning (Losses) Per Share of the holding company</b>	25	<b>(0.88)</b>	<b>(2.40)</b>
_Review report attached			

Financial Manager

Wael Mohamed Ali Mohamed Abd-Rabbou



Chief Financial Officer

Salah El-Sayed Atwa Ramadan



Managing Director

Tamer Magdy Ragheb




Sinai Cement Company

S.A.E

Statement Of Comprehensive income

For The Financial Period From 1 January 2023 Till 31 December 2023

Egyptian pounds

	<u>12/31/2023</u>	<u>12/31/2022</u>
Net(Losses) for the year	(117,581,612)	(319,800,970)
Total Comprehensive Income (Loss)	<u>(117,581,612)</u>	<u>(319,800,970)</u>





Sinai Cement Company

S.A.E

Statements of Changes in Shareholder's Equity

For The Financial Period From 1 January 2023 Till 31 December 2023

	Egyptian Pounds					
	Capital	Legal Reserve	General Reserve	Proceeds under the Capital Increase account	Retained Earnings	Profit(losses) of The period/year
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)
Capital increase	650,074,240	-	-	-	-	-
Release the frozen amounts increase the capital	-	-	-	(650,074,240)	-	-
Convert 2021 losses into profits	-	-	-	-	(334,997,068)	334,997,068
Adjustments for retained earnings	-	-	-	-	(30,134,496)	-
Losses for the ending period as at 31/12/2022	-	-	-	-	-	(319,800,970)
Balance as at 31/12/2022	1,330,658,670	227,163,603	29,359,411	-	(1,753,827,282)	(329,800,970)
Balance as at 1/1/2023	1,330,658,670	227,163,603	29,359,411	-	(1,763,827,282)	(319,800,970)
Convert 2022 losses into profits	-	-	-	-	(319,800,970)	319,800,970
Losses for the ending financial period 31/12/2023	-	-	-	-	-	(117,581,612)
Balance as at 31/12/2023	1,330,658,670	227,163,603	29,359,411	-	(2,083,628,252)	(117,581,612)
						(614,028,180)



*Medhat Ghally*



## Sinai Cement Company

S.A.E

## Statement of Cash Flow

For The Financial Period From 1 January 2023 Till 31 December 2023Egyptian Pounds

	Note NO.	<u>31/12/2023</u>	<u>31/12/2022</u>
- Net(losses) before tax and extraordinary items		(110,108,976)	(328,549,809)
- Depreciation	4	87,210,904	90,609,825
- Amortization		19,023	11,152
- Provisions other than deprecation		4,910,710	29,247,942
- Impairment of Debtors & Notes Receivable		0	(3,367,972)
- Finance expense		275,591,963	183,953,232
- Foreign Exchange gains Profit (losses)		38,044,367	43,333,798
- Capital gains profit (losses)		210	(187,727)
- Deferred tax		7,472,636	8,748,840
- Interest income		(6,973,315)	13,085,088
<b>Profit from operations before changes in working capital</b>		<b>296,167,522</b>	<b>36,884,368</b>
- Change in inventories		2,288,723	(554,732,917)
- Change in debtors & notes receivable		(277,788,062)	(147,991,299)
- Change in due from affiliated companies		(3,919,904)	(4,402,755)
- Change in sundry debtors		202,091,810	(73,386,553)
- Change in other debit accounts		(266,656,552)	4,101,272
- Change in provision		(14,480,876)	(694,941)
- Change in suppliers, creditors and notes payable		(135,891,045)	364,282,988
- Change in other credit accounts		3,812,713	186,562,890
- Change in deferred tax liabilities		(7,472,636)	(8,748,839)
- Adjustments for prior year on retained earnings		-	(30,134,496)
<b>Net cash generated from operating activities</b>		<b>(201,848,306)</b>	<b>(228,260,283)</b>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>			
- Payment from capital increase		-	650,074,240
- Payment for purchase of fixed assets		(43,041,892)	(62,826,341)
- Proceeds from sales of fixed assets		5,277	2,336,322
- Payment to construction works in progress		(77,785,335)	1,851,474
- Proceeds from interest income		6,973,315	(13,085,088)
<b>Net cash resulted from (used in) investing activities</b>		<b>(113,848,635)</b>	<b>578,350,607</b>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES:</u></b>			
- Proceeds from (Payment) Bank facilities		90,298,534	(1,045,692,325)
- Proceeds from Long term loans		(32,723,879)	203,619,394
- Proceeds from Loans from affiliated Companies		796,543,178	750,000,000
- Payment of finance expenses		(275,591,963)	(183,953,232)
<b>Net cash generated (used) in financing activities</b>		<b>578,525,870</b>	<b>(276,026,163)</b>
<b>Net increase (decrease) in cash during the period</b>		<b>263,363,265</b>	<b>74,064,161</b>
<b>Cash &amp; cash equivalent at the beginning of the period</b>		<b>124,700,709</b>	<b>93,970,346</b>
- Foreign Exchange Gains Profit (losses)		(38,044,367)	(43,333,798)
<b>Cash &amp; cash equivalent at the end of the period</b>	<b>13</b>	<b>350,019,607</b>	<b>124,700,709</b>



**Sinai Cement Company (SAE)**  
**Notes to the Financial Statements**  
**As at 31<sup>st</sup> December 2023**

**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 31<sup>st</sup> December 2023 amounted to EGP 2,201,209,864 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 9<sup>th</sup> 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 affected 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 at 30<sup>st</sup> September 2023, the exchange rates were:-

U\$ dollar = L.E 30.9586

€ Euro = L.E 34.1721

### **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	Egyptian Pounds	
	31/12/2023	31/12/2022
Balance at 1/1/2023	951,140	–
Additions of the period	–	951,140
Net usufruct value	951,140	951,140
Amortization of the first period	11,152	–
Amortization of the period	19,023	11,152
Accumulated amortization at 30/9/2023	30,175	11,152
Net value of usufruct assets	920,965	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: General reserve:

- According to Article No. (55) of the company association, a general reserve was previously formed at the amount of EGP 29,359,411, and this amount may have been since 2001, and it was formed for the purpose of securing expected financial liabilities that may fall on the company in the future based on what came in the report Board of Directors for the fiscal year ending 31/12/2001.

#### 3/6: 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.

#### 3/7: 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.

#### Other financial Investment

- Other financial investment represents 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.
- Other financial investment measured by cost including the direct expenses related to its purchase.
- Other financial investment included in the non-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.

#### 3/8: 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.

#### 3/9: 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.

#### 3/10: 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 is substantially ready for their intended use.
- All other borrowing costs are expensed in the period in which they are incurred.

### **3/11: 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.

### **3/12: 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.

### **3/13: 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.

### **3/14: 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".

### **3/15: 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.

**3/16: Profit distribution:**

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

**3/17: 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.

**3/18: Related Party Transactions:**

- Related parties are represented in the Company' 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.

**3/19: 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.

**3/20: 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.

**3/21: Creditors and Suppliers:**

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

**3/22: 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.

**3/23: 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:

Detailed as follows:

Egyptian Pounds

Details	Building & Utilities	Machinery & Equipment	Motor Vehicles	Tools	Office Furniture & Equipment	Total
Cost 1/1/2023	705,033,245	1,826,811,474	24,180,725	35,922,946	37,094,051	2,629,042,441
Additions of the period	3,928,291	27,276,376	-	-	11,837,225	43,041,892
Disposals of the period	-	-	-	-	(22,521)	(22,521)
Cost 31/12/2023	708,961,536	1,854,087,850	24,180,725	35,922,946	48,908,775	2,672,061,812
Acc Depreciation at 1/1/2023	248,475,516	1,291,098,933	21,985,932	31,279,572	24,829,221	1,617,669,174
Dep. of the period	17,803,229	63,212,479	551,856	1,690,203	3,953,137	87,210,904
Disposals of the period	-	-	-	-	(17,034)	(17,034)
Accumulated Depreciation at 31/12/2023	266,278,745	1,354,311,412	22,537,788	32,969,775	28,765,324	1,704,863,044
Net Book Value 31/12/2023	442,682,791	499,776,438	1,642,937	2,953,171	20,143,431	967,198,768

- Fully depreciated fixed assets and still in use in Sinai Cement Company as at 31<sup>st</sup> December 2023 amounted to LE 429,625,545. There are no fixed assets temporary broken-down, or out of use or retained until disposal as of 31/12/2023.
- There are no fixed assets mortgaged or retained as of 31/12/2023.



#### 5. Construction Works in Progress:

- The construction works in progress as at 31/12/2023 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 31/12/2023	Balance as at 31/12/2022
Projects in Progress	84,593,837	55,331,379
<u>Investment spending</u>		
Letters of credit	6,043,081	6,043,081
Advance Payments	48,522,877	0
<b>Total</b>	<b>139,159,795</b>	<b>61,374,460</b>

#### 6. Long-term Financial Investments:

- Detailed as follows:

Egyptian Pounds

Name of the company	No. of shares	Value per share	Shareholding (%)	Total Shareholding & Amount paid.	Carrying value At 31/12/2023	Carrying value At 31/12/2022
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
<b>Total (2)</b>				<b>125,561,420</b>	<b>125,561,420</b>	<b>125,561,420</b>

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

Egyptian Pounds

Details	Assets	Liabilities	Equity	Revenue	Expenses	Profit (losses)
<u>31/12/2022</u> Sinai White Cement Co.	4,078,814,395	980,550,513	3,098,263,882	1,685,833,092	963,308,896	722,524,196
<u>31/12/2023</u> Sinai Cement for Services	13,088,698	23,168,273	(10,079,575)	39,362,390	43,202,104	(3,839,714)
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.

**7. Inventories (Net):**

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2023	31/12/2022
Finished Products (packed & bulk)	34,280,495	16,771,556
Semi-Finished products	144,362,974	25,355,323
Work in process	3,102,691	1,825,557
Raw materials	78,567,963	62,059,217
Spare parts, oils, refractories& supplies	216,338,769	184,307,904
Fuel	362,428,283	580,259,573
Packing materials	46,523,493	22,914,467
Computer utilities	0	46,441
<b>Total</b>	<b>885,604,668</b>	<b>893,540,038</b>
Less: Provision for slow moving inventories	2,345,047	7,991,694
<b>Inventories (net)</b>	<b>883,259,621</b>	<b>885,548,344</b>

**8. Debtors and Notes Receivable (Net):**

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2023	31/12/2022
Customers	210,617,908	10,865,962
Notes receivables	336,438,166	269,210,159
<b>Total</b>	<b>547,056,074</b>	<b>280,076,121</b>
Less: Expected Credit Losses	0	10,808,109
<b>Net</b>	<b>547,056,074</b>	<b>269,268,012</b>

**9. Due from affiliated companies:**

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2023	31/12/2022
Sinai White Cement	241,419	781,158
Sinai Cement for Services	10,572,085	6,112,442
Sinai Cement for International Trade	7,806	7,806
<b>Total</b>	<b>10,821,310</b>	<b>6,901,406</b>

**10. Sundry Debtors (Net):**

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2023	31/12/2022
Advances to Suppliers	48,678,514	238,101,631
Sundry Debtors	37,677,020	38,621,754
<b>Total</b>	<b>86,355,534</b>	<b>276,723,385</b>
Less: Expected Credit Losses	10,160,387	160,387
<b>Net</b>	<b>76,195,147</b>	<b>276,562,998</b>

**11. Other Debit Accounts:**

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2023	31/12/2022
Refundable Deposits	34,108,234	28,437,111
Prepaid Expenses	6,520,791	5,038,000
Accrued Income (Interest income)	3,733,380	3,368,797
Accrued export subsidies	230,289,950	-
Letters of Credit - (Spare parts & other supplies)	4,434,271	4,021,005
Payment under tax account	97,506,948	87,839,257
Withholding TAX	10,238,108	7,282,303
Withholding TAX Pending	15,308,300	-
<b>Total</b>	<b>402,643,025</b>	<b>135,986,473</b>

**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	
	31/12/2023	31/12/2022
Cash at hand	370,550	343,642
Bank current accounts L. E	104,519,993	33,821,579
Bank current accounts with interest L. E	11,371,915	9,753,804
Cash at bank - Deposits L. E	180,000	180,000
Bank current accounts foreign currencies	159,408,472	65,455,434
Cheques under collection L.E	22,089,000	15,146,250
Cover Letters of credit	52,079,677	-
<b>Total</b>	<b>350,019,607</b>	<b>124,700,709</b>

**14. Capital:**

- The authorized capital amounted to L.E 2 billion. As at 31/12/2023 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. Deferred Tax:**

- The Company calculates the deferred tax liability in accordance with the independent tax consultant's memorandum as at 31/12/2023 the deferred tax liability amounted to L.E 132,485,238.

#### 16. Long term loans:

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2023	31/12/2022
Bank QNB	170,895,515	203,619,394

- The loan contract with Qatar National Al-Ahly Bank in February 2022 consists of scheduling the debit balance of the previously granted facilities, which amounted to 107,895,515 EGP, and is paid in five annual installments of equal value, so that the first installment is due after the period of 12 months ending in February 2023, and the annual payment is made on the agreed dates.
- The return is estimated at a margin of 1.5% annually above the corridor rate "lending" announced by the Central Bank, and this price is adjustable and variable according to the corridor prices "lending" announced by the Central Bank during that period, and the return is paid monthly.

#### 17. Bank Facilities:

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2023	31/12/2022
HSBC Bank	97,399,942	-
Credit Agricole Bank	575,567,900	333,896,289
Suez Canal Bank	17,639,852	266,412,108
Qatar National Bank AL Ahli	221	890
First Abu Dhabi	-	94
<b>Total</b>	<b>690,607,915</b>	<b>600,309,381</b>

- The bank facility provided by HSBC Bank is a debit current account, letters of credit, refinancing the letters of guarantee to finance working capital and refinance them through commercial loans.
- The bank facility provided by Credit Agricole Bank is a facility for working capital from any expenses and bank commissions of Credit Agricole Bank, local purchases, government payments, salaries, customs, letters of credit for importing spare parts, materials and financing letters of credit.

#### 18. Provisions:

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2023	31/12/2022
Provision for end of service benefits	8,768,149	13,028,000
Provision for claims (Government Fees and taxes)	96,773,056	99,825,076
<b>Total</b>	<b>105,541,205</b>	<b>112,853,076</b>

The provision movements during the financial Year Ending 31/12/2023 represented as follows:

Details	Balance as at 1/1/2023	Formed provision	Used during the Period	No longer required	Balance as at 30/6/2023
Provision for end of service benefits	13,028,000	-	864,432	3,395,419	8,893,609
Claims provision	99,825,076	4,068,534	7,120,554		96,773,056
<b>Total</b>	<b>112,853,076</b>	<b>4,068,534</b>	<b>7,984,986</b>	<b>3,395,419</b>	<b>105,541,205</b>

- 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.



#### 19. 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 one billion and two hundred million Egyptian pounds for a period ending on 9/5/2023, subject to renewal by agreement of the two parties, and a payment of the loan was received during 2022 amounted seven hundred and fifty million Egyptian pounds, The Ordinary General Assembly of the Sinai Cement Company on 26/4/2022 approved the increase of the loan amount.
- And during January & February the installments of the loan was received amounted Egyptian pounds five hundred ninety-four million and one hundred thousand.
- on 6/4/2023 The ordinary General Assembly meeting of the Sinai Cement Company approved the increase of the loan amount to be 2 billion Egyptian pounds The association was accredited by the General Authority for Investment and Free Zones on 18/10/2023.
- Accordingly, the balance of short-term loans from affiliated companies on 31/12/2023 amounted 1,746,543,178 Egyptian pounds one billion seven hundred forty-six million five hundred forty-three thousand one hundred seventy-eight.

#### 20. Suppliers, Creditors and Notes Payable:

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2023	31/12/2022
Suppliers	639,017,051	80,821,448
Creditors	3,642,314	266,546,957
Notes payable	137,874,058	653,325,589
Coupons payable and advances from customers	213,114,905	128,845,379
<b>Total</b>	<b>993,648,328</b>	<b>1,129,539,373</b>

#### 21. Other Credit Accounts:

- Detailed as follows:

Details	Egyptian Pounds	
	31/12/2023	31/12/2022
Accrued expenses	220,869,513	219,879,537
Sundry credit accounts	44,908,037	42,995,823
Third party deposits	11,420,715	10,510,191
Dividend Payable	9,278	9,278
<b>Total</b>	<b>277,207,543</b>	<b>273,394,829</b>

**22. Cost of sale:**

- Detailed as follows:

Egyptian Pounds

Details	31/12/2023	31/12/2022
Raw materials, Supplies, fuel, power, packing sacks	3,026,169,346	1,761,956,506
Wages, Salaries	46,554,590	41,833,792
Operation and Development fees	78,943,919	78,643,977
Various supplies	12,442,758	4,453,399
Stationery and Prints Tools	441,949	6,974
Maintenance expenses	81,456,188	78,877,536
Public relations expenses & Hospitality and reception	57,787	916,394
Travel and transportation	835,637	77,367
Governmental fees, stamps, mail, telephone & real estate tax	2,786,703	2,292,644
Insurance	9,079,102	6,302,791
Consultancy fees and studies	860,131	1,756,450
Transfer & loading expenses	3,391,699	4,123,492
Cleaning, security, guard, custom expenses, others	5,069,580	17,054,094
Accommodation, operating expenses for service fees	112,681,421	86,596,011
Rents	39,477,821	27,894,515
Industrial Fixed assets depreciation	82,564,005	86,777,804
Amortization of intangible assets	19,023	11,152
<b>Total</b>	<b>3,502,831,659</b>	<b>2,199,574,898</b>
<u>Add /deduct:</u>		
Change in inventory	(138,243,904)	(5,485,865)
<b>Net</b>	<b>3,364,587,755</b>	<b>2,194,089,033</b>

**23. Selling & distribution Expenses:**

- Detailed as follows:

Egyptian Pounds

Details	31/12/2023	31/12/2022
Salaries & Wages	7,707,839	7,938,012
Transfer & loading expenses & renting cars to transport cement	544,400,550	120,969,722
Stationery and Prints Tools	-	10,000
Maintenance expenses	92,831	45,565
Public relations expenses	9,530	(127,239)
Travel and transfers	263,371	991
Governmental fees, stamps, & telephone	219,765	793,173
Insurance	-	68,778
Cleaning, gratuities and others	323,260	2,887,420
Gifts	-	38,669
Export expenses and the right to use the quality mark	3,884,803	786,350
Rents	-	90,232
Non-Industrial depreciation	-	52,657
Donations	85,456	-
<b>Total</b>	<b>556,987,405</b>	<b>133,554,330</b>

## 24. General & Administrative Expenses:

Details	Egyptian Pounds	
	31/12/2023	31/12/2022
Salaries & Wages	38,419,743	30,892,134
Board of Directors Member salaries and allowances	6,431,090	4,313,505
Electricity, gas and fuel	516,780	868,738
Stationery and printings	408,892	330,714
Maintenance expenses	2,547,495	2,188,533
Advertising and public relations	2,290,699	2,245,352
Travel and transportation	3,105,499	664,906
Governmental fees and stamps and mail and telephone	6,789,616	4,561,542
Insurance	6,746,146	4,006,066
Consultancy fees and studies	11,332,149	5,742,412
Cleaning and others expenses	5,578,398	825,295
Accommodation	1,191,069	227,818
Technical assistance	38,847,432	16,070,313
Rents	16,145,654	10,034,553
Donations	876,245	219,634
Solidarity contribution	10,714,245	5,900,462
Real estate tax	24,030	28,440
Security & Guard	-	-
Fines & Penalties	-	40,000
Tax inspection variance	6,839,095	-
Non-Industrial depreciation	4,646,899	3,779,405
<b>Total</b>	<b>162,657,891</b>	<b>104,416,786</b>

## 25. Earnings per share:

Details	Egyptian Pounds		
	31/12/2023	1/1/2022: 15/3/2022	16/3/2022: 31/12/2022
Net (Losses) for the year	(117,581,612)	(54,475,412)	(265,325,558)
Number of shares	133,065,867	68,058,443	133,065,867
<b>Earnings (loss) per Share</b>	<b>(0.88)</b>	<b>(0.80)</b>	<b>(0.86)</b>

- \* The share loss per share will be according to the Mean weighted average number of issued shares during 2022 is 1.40)
- The company shares were increased from 68,058,443 to 133,065,867 as an increase of 65,077,424 with a nominal value of 10 L.E per share as a result of the general subscription of the old shareholders from 25 March 2018 to 23 April 2018.
- The number of shares was increased by the extraordinary meeting of the General Assembly held on 25 June 2018, and was adopted on 14 March 2022, and the company Notation in the commercial register with an increase in the number of shares on 15 March 2022.
- The share of losses has been divided into two periods for the comparative period 31/12/2022 as follows:
  - \* First period: 1/1/2022 to 15/3/2022, the period before the company Notation in the commercial register, to increase the shares of the company.
  - \* Second period: 16/3/2022 to 31/12/2022, the period after the company Notation in the commercial register, to increase the shares of the company.

## **26. 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, and also submitted a request to the Dispute Resolution Committee No 49/2210 at 4/12/2022.

### **Years from 2015 to 2019:**

- These years was examined and the examination resulted that there were tax losses for these years, and tax variance due for article No (56), and these differences are being settled through the credit balance due to the company.

### **Years from 2020 to 2023:**

- 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 2019:**

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

### **Year 2020**

- The company still examined and not finished

### **Year 2021/2023**

- The examination was not requested by the mission.

**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 from 2021 to 2023- :**

- 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 2020:**

- The tax differences were examined and settled according to the latest form 9 reservation issued by the mission

**Year 2021/2023**

- 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 fine amount EGP 10,480,015 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 25/12/2022.
- The company was examined 2021/2022 and paid the differed TAX

**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.

**27. 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 31/12/2023.

Egyptian Pounds

Details	Transaction during the Period	Balance as at 31/12/2023
VICAT (Technical assistance)	46,626,531	273,354,087
VICAT Egypt Cement Company. (Loan & Interest)	925,657,431	1,954,546,048
SINAI WHITE CEMENT	1,343,535	241,420
SINAI CEMENT FOR SERVICES	39,313,484	10,572,084
Reliance Logistics Company	805,166,717	7,119,285

**28. 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.

**29. Contingent Liabilities & Probable commitments:**

- Contingent liabilities as at 31/12/2023 represent unsecured amounts of the letters of guarantee and letters of credit issued to third party as follows:

Details	€ Euro
Letters of credit	91,260

**30. 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.



**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.

**31. 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.

**31/1- 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.

**31/2- 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.

**31/3- 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.
- The company updated the method of calculating the expected credit losses on its financial assets on 31/12/2023, in accordance with the requirements of Egyptian Accounting Standard No. (47) amended for the year 2019 - financial instruments, and the balances in the mentioned study were found to be consistent with the balances in the financial statements.

**\*Gross maximum exposure to credit risk:**

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

Details	Egyptian Pounds	
	31/12/2023	31/12/2022
Bank balances and short-term deposits	350,019,607	124,700,709
Accounts receivable and other assets	1,036,715,556	688,718,889
<b>Total</b>	<b>1,368,753,163</b>	<b>813,419,598</b>

**\*Credit related commitments**

Financial instruments with contractual amounts representing credit risk:

Details	Egyptian Pounds	
	31/12/2023	31/12/2022
Letters of guarantee	-	50,000
Letters of credit	3,118,546	1,400,990
<b>Total</b>	<b>3,118,546</b>	<b>1,450,990</b>

**31/4 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	
	31/12/2023	31/12/2022
Creditors, Suppliers and Notes payable	993,648,328	1,129,539,371
Credit balances and other credit balances	277,207,543	273,394,829
Bank Facilities and Loans	690,607,915	803,928,775
<b>Total</b>	<b>1,961,463,786</b>	<b>2,206,862,975</b>

**31/5- 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.

**31/6- 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.

### 31/7- 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.

### 31/8- 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 31/12/2023 there were liabilities denominated in foreign currencies amounting to U\$ dollar 41,295 and € Euro 8,743,674 against assets denominated in foreign currencies amounting to U\$ dollar 4,096,893 and € Euro 1,724,627 Assets & Liabilities have been revalued at the prevailing exchange rate at that date.

### 31/9- 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/ 2023 amounted to EGP 614,028,180.
- 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.

### 32- Comparative figures: -

- Comparative figures are reclassified whenever necessary to keep pace with the changes in the presentation used in the current period, some figures have been reclassified during the period.

### 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.

**33- Important events: -**

- On 4/6/2023, the extraordinary general assembly meeting of the company was held, and it agreed with convened and decided unanimously to approve the company's continuation of its activity despite the losses exceedingly more than half of shareholders' equity, and the assembly was approved by the General Authority for Investment and Free Zones on 8/10/2023.
- On May 24, 2023, the Board of Directors of the company convened and the Board of Directors decided to unanimously approve the authorization of the Chairman of the Board of Directors to call the Extraordinary General Assembly to consider approving the amendment of Articles No 6 & 7 and Determining the date and place of the meeting to increase authorize capital of the company to become 10 billion Egyptian pounds, and the company's issued capital increased by the nominal value of the share by 1,682,007,520 EGP, by issuing 168,200,752 shares, representing 126.43% of the company's capital shares in cash or by using cash debts due to shareholders, and take the necessary legal measures to amend Articles No. 6 & 7 of the company's articles of association, and take the necessary legal measures at the Financial Supervisory Authority, the Egyptian Stock Exchange, and the concerned administrative authorities to implement this increase, and notified the Egyptian Stock Exchange - Disclosure Sector with a summary Decisions of the mentioned board of directors meeting.
- On 1/6/2023, the Ordinary General Assembly of the company held on 26/4/2022 were approved, and entry was made in the company's commercial register on 1/6/2023 with what came in the mentioned Ordinary Assembly, and the most important thing came in the Assembly that the approval of the changes made to the company's board of directors and re-formation of a new board of directors consisting of 11 members, and the renewal of the appointment of the term of the board of directors for a period of 3 years.
- On 10/10/2023, the Ordinary General Assembly were approved by the General Authority for investment and free zones that held on 7/11/2022, the Assembly unanimously agreed to sign a contract for the administrative services with Vika company for a renewable one-year period, and the managing director was authorized to negotiate, draft and sign the contract on behalf of the company.
- On January 3, 2023, judgment from the First Circuit in Case No. 83 of economic appeal for the year 13 issued to Sinai Cement Company against Sinai White Portland Cement Company (SAE), in which Sinai Cement Company's shareholding is 25.40%. According to this ruling, Sinai Cement Company was entitled to a total amount of 172,726,996 Egyptian pounds, which represents part of the retained profits for the period from 2012 to 2017, and interest on the amount at the rate of 4% from the date of 3/2/2021, and until the defendant company has paid the aforementioned amount.
- In 19/2/2024 a mutually consensual settlement agreement was concluded for the implementation of the ruling in the case No. 83 For the 13<sup>th</sup> judicial year Cairo Economic Court
- The Company Has been received accrued interest until 15/3/2024 with value 21,541,186
- The Company Has been received the difference amount between the ruling issued and the actual value in the amount of 21,991