ALUMIL MISR FOR TRADING AND INDUSTRY
(S.A.E.)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021
TOGETHER WITH THE AUDITOR`S REPORT

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Translation of Auditor's report
Originally issued in Arabic

AUDITOR'S REPORT

TO THE SHAREHOLDERS OF ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E.)

Report on the Financial Statements

We have audited the accompanying financial statements of **ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)**, represented in the financial position as of 31 December 2021, and the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the year ended 31 December 2021, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These financial statements are the responsibility of the Company's Management, as Management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws. Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. This responsibility also includes selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Egyptian Standards on Auditing and applicable Egyptian laws. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free from material misstatement.

The company's financial statements for the financial year ended December 31, 2020 were audited by another auditor, who issued his report dated February 11, 2021 with an unqualified opinion on the financial statements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above, give a true and fair view, in all material respects, of the financial position of **ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)** as of 31 December 2021, and of its financial performance and its cash flows for the year ended 31 December 2021 in accordance with Egyptian Accounting Standards and the related applicable Egyptian laws and regulations.

Report on Other Legal and Regulatory Requirements

The Company maintains proper accounting records that comply with the laws and the Company's articles of association and the financial statements agree with the Company's records.

The financial information included in the Board of Directors' Report, prepared in accordance with Law No. 159 of 1981 and its executive regulation, is in agreement with the books of the Company in so far as such information is recorded therein.

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Ernst & Young Global

Ahmed Amin Hafez

R.A.A. 20904

Cairo: 23 May 2022

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)

STATEMENT OF FINANCIAL POSITION
AS OF 31 DECEMBER, 2021

	Note	31/12/2021 EGP	31/12/2020 EGP
ASSETS			
Non-current assets			
Fixed assets	(3)	210,969,053	36,972,179
Right of use assets	(4)	5,486,628	-
Projects under construction	(5)	-	135,260,706
Investments in associate	(6)	506,000	360,000
Deferred tax assets	(15)	-	141,199
Total non-current assets		216,961,681	172,734,084
Current assets			
Inventory	(7)	47,413,776	43,469,947
Accounts and notes receivable	(8)	98,643,885	92,335,579
Due from related parties	(9-a)	14,099	1,016,625
Prepayments and other receivables	(10)	7,584,141	10,591,744
Cash and Cash Equivalents	(11)	21,322,226	6,604,967
Total current assets		174,978,127	154,018,862
TOTAL ASSETS		391,939,808	326,752,946
EQUITY AND LIABILITIES			
Equity			
Paid up capital	(12)	6,001,400	6,001,400
Additional paid-up capital		30,334,410	30,334,410
Legal reserve		1,000,000	1,000,000
Retained earnings		65,753,408	38,519,108
Total equity		103,089,218	75,854,918
Non-Current liabilities			
Lease Liabilities non-current portion	(13)	5,040,693	-
Deferred tax liability	(15)	6,282,560	-
Loans - Non-current portion	(18)	16,418,393	24,304,057
Total non-Current liabilities		27,741,646	24,304,057
Current liabilities			
Loans - current portion	(18)	7,885,664	7,885,664
Credit facilities	(19)	16,044,208	41,898
Lease Liabilities current portion	(13)	1,954,075	-
Provisions	(14)	1,316,362	-
Accounts and notes payable	(16)	57,995,488	34,618,383
Accrued expenses and other payables	(17)	11,304,104	9,125,577
Due to related parties	(9-b)	158,994,406	171,720,911
Income tax payable	(15)	5,614,637	3,201,538
Total current liabilities		261,108,944	226,593,971
Total liabilities		288,850,590	250,898,028
TOTAL EQUITY AND LIABILITIES		391,939,808	326,752,946

Managing Director **Financial Manager**

-The accompanying notes from (1) to (30) are an integral part of these financial statements.

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)

STATEMENT OF PROFIT OR LOSS

FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31/12/2021 EGP	31/12/2020 EGP
Sales	(20)	**372,179,729**	261,219,601
Cost of sales		**(278,897,794)**	(202,165,196)
GROSS PROFIT		**93,281,935**	59,054,405
Selling and marketing expenses	(23)	**(12,690,402)**	(12,731,751)
General and administrative expenses	(24)	**(31,246,870)**	(27,127,663)
Impairment in accounts and notes receivables		**(2,141,422)**	(650,000)
Impairment in due from related parties		**(1,301)**	-
Other revenues	(21)	**806,985**	215,266
OPERATING PROFIT		**48,008,925**	18,760,257
Financing Expenses	(22)	**7,451,860**	(8,168,442)
PROFITS BEFORE INCOME TAXES		**55,460,785**	10,591,815
Income tax expenses	(15)	**(12,038,397)**	(3,090,373)
PROFITS FOR THE YEAR		**43,422,388**	7,501,442

Managing Director **Financial Manager**

- The accompanying notes from (1) to (30) are an integral part of these financial statements.

Translation of financial statements
Originally issued in Arabic

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	31/12/2021 EGP	31/12/2020 EGP
Profits for the Year	**43,422,388**	7,501,442
Other comprehensive income	**-**	-
TOTAL COMPREHENSIVE INCOME	**43,422,388**	7,501,442

- The accompanying notes from (1) to (30) are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021

	Paid up capital EGP	Legal Reserve EGP	Issuance premium EGP	Retained earnings EGP	Total EGP
Balance as of 1 January 2020	6,001,400	1,000,000	30,334,410	31,273,933	68,609,743
Adjustments on Retained Earnings	-	-	-	(256,267)	(256,267)
Profits for the year	-	-	-	7,501,442	7,501,442
Balance as of 31 December 2020	**6,001,400**	**1,000,000**	**30,334,410**	**38,519,108**	**75,854,918**
Balance as of 1 January 2021	6,001,400	1,000,000	30,334,410	38,519,108	75,854,918
Adjustments on Retained Earnings (Note 29)	-	-	-	(16,188,088)	(16,188,088)
Profits for the year	-	-	-	43,422,388	43,422,388
Balance as of 31 December 2021	**6,001,400**	**1,000,000**	**30,334,410**	**65,753,408**	**103,089,218**

- The accompanying notes from (1) to (30) are an integral part of these financial statements.

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	31/12/2021 EGP	31/12/2020 EGP
Cash flows from operating activities			
Profits before income tax		55,460,785	10,591,815
Depreciation of fixed assets	(3)	4,628,029	1,880,115
Amortization of right of use assets	(4)	1,824,422	-
(Gain) from sale of fixed assets	(3)	-	(202,076)
Credit interest	(21)	(60,619)	-
Write down of inventory	(7)	1,283,004	-
Impairment in accounts and notes receivable	(24)	2,141,422	-
Impairment in due from related parties	(9-a)	1,301	-
Provisions	(14)	1,316,362	-
Financing Expenses	(22)	2,025,694	-
		68,620,400	12,269,854
Change in working capital			
Inventory		(5,226,833)	(3,525,620)
Accounts and notes receivable		(22,171,186)	(49,813,280)
Due from related parties		(15,400)	(13,650)
Prepayments and other receivables		2,820,103	(2,315,336)
Due to related parties		(12,726,505)	77,227,394
Accounts and notes payable		23,377,105	9,548,498
Accrued expenses and other payables		2,178,527	3,635,743
Cash flows provided from operating activities		56,856,211	47,013,603
Income tax paid	(15)	(3,201,538)	(3,722,705)
Net cash flows provided from operating activities		53,654,673	43,290,898
Cash flows from investing activities			
Payments for purchase of fixed assets	(3)	(4,085,519)	(4,150,945)
Payments for investments in associates	(6)	(146,000)	-
Receipts from sale of fixed assets	(3)	-	385,000
Payments for projects under construction	(5)	(39,278,678)	(70,756,194)
Credit interest	(21)	60,619	-
Net cash flows (used in) investing activities		(43,449,578)	(74,522,139)
Cash flows from financing activities			
(Payments) receipts from credit Facilities	(19)	16,002,310	41,898
Financing Expenses paid		(1,197,187)	-
Payments of lease liabilities	(13)	(2,407,295)	-
(Payments) receipts from term loan	(18)	(7,885,664)	32,189,721
Net cash flows provided from financing activities		4,512,164	32,231,619
Net change in cash and cash equivalents during the year		14,717,259	1,000,378
Cash and cash equivalents at the beginning of the year		6,604,967	5,604,589
Cash and cash equivalents at the end of the year	(11)	21,322,226	6,604,967

- The accompanying notes from (1) to (30) are an integral part of these financial statements.

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

1. BACKGROUND

Alumil Misr for Trading – S.A.E. was formed under the provision of law No. 159 for the year1981 and its executive regulations, in accordance with the certificate of incorporation no. 1050 on 4 June 2007 issued from The General Authority for Investment and Free Zones.

The headquarter is located in 104, Omar Ibn El-Khattab St., Misr El-Gededa, Company's factory location is Land no.76 1st zone (El-Motawreen) – North expansions – 6th of October – Giza.

The purpose of the company:
- Trading, importing, exporting, supplying and commercial agencies.
- Establishing and operating a factory to manufacture aluminium bars and its accessories in all forms and kinds (except for manufacturing aluminium).
- Painting and fixing aluminium bars, and aluminium paints (with electrostatic).

2. SIGNIFICANT ACCOUNTING POLICIES

2-1 Compatibility with Accounting Standards

The financial statements were prepared in accordance with Egyptian Accounting Standards, and the Current Egyptian Laws and Regulations.

2-2 New Issued and Amendments issued to the Egyptian Accounting Standards (EAS).

On 28 March 2019, the minister of Investment issued a decree no. 69 for 2019, which includes new standards and amendments to the existing standards. The amendments in the EASs have been published in the official gazette on 7 April 2019. These changes are mainly represented in three new standards, which should be adopted for the financial periods commencing on or after 1 January 2021 as follows:

a- EAS No. (47) – "Financial instruments":

This standard should be adopted for the financial periods commencing on or after 1 January 2021. Early adoption is permitted, providing that the amended standards No. (1), (25), (26) and (40) should be adopted at the same time.
The standard includes new classes of classification and impairment model for financial assets which reflects the business model in order to manage the assets and their cash flows through this business model.
EAS No. (47) replaced 'incurred loss' model in EAS No. (26) by 'expected credit loss' model.
The Company adopted EAS No. (47), the impact is disclosed in note (29)

b- EAS No. (48) – "Revenue from contracts with customers":

This standard should be adopted for the financial periods commencing on or after 1 January 2020. Early adoption is permitted, providing that the amended standards No. (1), (25), (26) and (40) should be adopted at the same time.
This standard established a comprehensive framework for determining how much and when revenues should be recognized. This standard replaces EAS No. (11) 'revenues' and EAS No. (48) 'construction contracts.
The Company adopted EAS No. (48), no financial impact was generated.

c- EAS No. (49) – "Leases":

This standard should be adopted for the financial periods commencing on or after 1 January 2021. Early adoption is permitted, providing that the amended standard No. (48) – 'Revenue from contracts with customers' should be adopted at the same time.
EAS No. (49) introduces a single lease accounting model for lease contracts. A lessee recognizes his right-of-use for assets and lease liability, which represents his lease instalments liability.
There are some exemptions for short-term lease contracts and assets lease contracts with low value.

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

This standard replaces the EAS No. (20) 'Accounting rules and standards related to financial lease.
The Company adopted EAS No. (49), the impact is disclosed in (Notes 4, 13 & 29).

2-3 Significant accounting estimates and judgements

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures, and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in future periods.

Estimates and their underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

The key judgements and estimates that have a significant impact on the financial statement of the Company are discussed below:

Estimates

Impairment of financial assets

At the date of each statement of financial position, the company determines whether there is objective evidence that a financial asset or a group of financial assets has become impaired. or more after the initial recognition of the asset and its effect on the estimated cash flows of a financial asset or a group of financial assets that can be reliably estimated. Egyptian Accounting Standard No. (47) requires the entity to follow the expected credit loss model with respect to the impairment of financial assets. A credit event does not necessarily have to occur in order to recognize credit losses. Instead, the company uses the expected credit loss model, usually calculating the expected credit losses and changes as at each statement of financial position date.

Loss allowances for accounts and notes receivable and due from related parties are always measured at an amount equal to lifetime ECLs

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The company considers the following factors when assuming a financial asset to be in default: The financial asset according to the terms of payment and the nature of each sector for customers and considering the study of expected credit losses prepared by the company.
Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.
A financial asset is considered credit-impaired if any of the following events occur:

- Failure to pay or delay for a period ranging from 1 days to 211 years as follows:

From 0 to 30	0%
From 31 to 60	3%
From 61 to 90	8%
From 91 to 120	18%
From 121 to 150	31%
From 151 to 180	44%
From 181 to 210	70%
Greater than 211	100%

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The provision for credit losses for financial assets is displayed in the financial statements by deducting it from the balance of the financial asset.

Useful lives of fixed assets
The Company's management determines the estimated useful lives of its fixed assets for calculating depreciation. This estimate is determined after considering the expected usage of the asset or physical wear and tear. The management periodically reviews the estimated useful lives and the depreciation method to ensure that the method and the period of depreciation are consistent with the expected pattern of economic benefits from these assets.

Taxes
The Company is subject to income taxes in Egypt. Significant judgment is required to determine the total provision for current and deferred taxes. The Company establishes provision, based on reasonable estimates, for possible consequences of audits by the tax authorities in Egypt. The amount of such provision is based on various factors, such as experience of previous tax audits and different interpretations of tax regulations by the Company and the responsible tax authority. Such differences of interpretations may be on a wide variety of issues depending on the conditions prevailing in Egypt
Deferred tax assets are recognised for unused accumulated tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies

Impairment of non-financial assets
The Company assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. The non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. When value in use calculations is undertaken, management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2-4-1 Foreign currency translation

Transactions in foreign currencies are initially recorded using fixed exchange rates that are revised in case there is a significant change in the exchange rate of any currency.

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the financial position date. All differences are recognized in the statement of profit or loss.

Nonmonetary items that are measured at historical cost in foreign currencies are translated using the exchange rates prevailing at the date of the initial recognition.

2-4-2 Fixed assets

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major improvement is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

repair and maintenance costs are recognized in the Statement of profit or loss as incurred.

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, and is computed using the straight-line method according to the estimated useful life of the asset as follows:

Building	10 years
Buildings (Factory)	50 years
Machine factory	25 years
Lease-hold improvements	5 years
Show room	5 years
Computers and software	5 years
Vehicles	5 years
Furniture	5 years
Tools	5 years

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing the asset is included in the Statement of profit or loss when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end.
The Company assesses at each financial position date whether there is an indication that fixed assets may be impaired. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the Statement of profit or loss.

The Costs for Amending and Maintenance are recognized in the Statement of profit or loss in the period that related to.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been

recognized for the asset in prior years. Such reversal is recognized in the Statement of profit or loss.

2-4-3 Projects under constructions

Assets under construction represent the amounts that are incurred for the purpose of constructing or purchasing fixed assets until it is ready to be used in the operation, upon which it is transferred to fixed assets. Assets under construction are valued at cost less impairment, there is not any Depreciation expense recorded until the project is completed and transferred to the Fixed Assets.

2-4-4 Investments in associates

Investments in associates are investments in entities which the company has significant influence and that is neither a subsidiary nor an interest in a Joint venture, Significant influence is presumed to exist when the company holds, directly or indirectly through

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

subsidiaries 20% or more of the voting power of the investee, unless it can be clearly demonstrated that this is not the case.
Investment in associates is accounted for by equity method and in case the investment is impaired, the carrying amount is adjusted by the value of this impairment and is charged to the profit or loss for each investment separately.

2-4-5 Inventory

Inventories are measured at the lower of cost and net realisable value. Cost is determined using the weighted average method.

a) Raw materials: at purchase cost on a weighted average basis.
b) Finished goods (Painted bars): at the lower of the cost of painting or net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale .
The amount of any write down of inventories to net realizable value and all losses of inventories shall be recognized in cost of sales in the statement of income in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realizable value, shall be recognized as reduction of cost of sales in the statement of income in the year in which the reversal occurs.

2-4-6 Impairment

1- Impairment of financial assets

At the date of each statement of financial position, the company determines whether there is objective evidence that a financial asset or a group of financial assets has become impaired. or more after the initial recognition of the asset and its effect on the estimated cash flows of a financial asset or a group of financial assets that can be reliably estimated. Egyptian Accounting Standard No. (47) requires the entity to follow the expected credit loss model with respect to the impairment of financial assets. A credit event does not necessarily have to occur in order to recognize credit losses. Instead, the company uses the expected credit loss model, usually calculating the expected credit losses and changes as at each statement of financial position date.

Loss allowances for accounts and notes receivable and due from related parties are always measured at an amount equal to lifetime ECLs

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company's historical experience and informed credit assessment and including forward-looking information.

The provision for credit losses for financial assets is displayed in the financial statements by deducting it from the balance of the financial asset.

2- Impairment of non-financial assets

The Company assesses impairment at each financial position date whenever there is objective evidence that a specific financial asset or a Company of financial assets may be impaired. when asset carrying amount higher than recoverable amount the Company recognises impairment losses and decreases the Asset to the recoverable Asset.

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses recognised in prior years are reversed when the Assumptions or estimates that were used to determine the recoverable amount were changed since last recognised losses due to impairment. The reversed Impairment losses amount are limited as the carrying amount should not exceed the recoverable amount or Carrying amount that would have been determined if Impairment losses recognised in prior years were not recognised, such reversal is recognised in the statement of profit or loss.

2-4-7 Accounts and Notes receivable

Accounts and Notes receivable amounts are recognized by original value less impairment losses.

2-4-8 Provisions

Provisions are recognised when the Company has a present (legal or constructive) obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and the ability to determine that provision amount has been reliably estimated, provision amount reviewed and determined at each financial position date to present the most relevant present estimated value

- Where the impact of the time value of money is significant, the amount of the provision is the present value of expenditures expected to be required to settle the obligation. In case of using discount method, the increase in the book value of the provision due to passage of time is recognised as borrowing cost in the statement of profit or loss.

2-4-9 Related Parties Transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled, or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the Board of Directors

2-4-10 Income Tax

Income tax is calculated in accordance with the Egyptian tax law.

1- Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authority.

2- Deferred income tax

Deferred income tax is recognized using the liability method on temporary differences between the amount attributed to an asset or liability for tax purposes (tax base) and it`s carrying amount in the financial position (accounting base) using the applicable tax rate.

Deferred tax asset is recognized when it is probable that the asset can be utilized to reduce future taxable profits and the asset is reduced by the portion that will not create future benefit.

Current and deferred tax shall be recognized as income or an expense and included in the statement of profit or loss for the period, except to the extent that the tax arises from a transaction or an event which is recognized, in the same or a different period, directly in equity.

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-4-11 Revenue recognition

*** Sale of aluminium**

The Company applied the EAS No. (48) as of January 1, 2021.
Revenue from contracts with customers is recognized by the company based on five step model as identified in EAS No. (48):
Step 1: Determine the contracts with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.
Step 2: Determine the performance obligations in contract: Performance obligations is a consideration when the goods and services are delivered.
Step 3: Determine the transaction price: Transaction price is the compensation amount that the company expects to recognize to receive for the transfer of goods or services to customer, except for the collected amounts on behalf of other parties.
Step 4: Allocation of the transaction price of the performance obligations in the contract: If the service concession arrangement contains more than one performance obligation, the company will allocate the transaction price on each performance obligation by an amount that specifies an amount against the contract in which the company expects to receive in exchange for each performance obligation satisfaction.
Step 5: Revenue recognition when the entity satisfies its performance obligations.

The company is in the business of production, marketing and distribution of aluminium products. The goods are generally sold as per separately identified contracts with customers. The company has concluded that revenues from the sale of goods should be recognized at the point in time when the control of the assets is transferred to the customers, generally on delivery of goods. Revenue excludes amounts collected on behalf of third parties (i.e., sales taxes, excise duties, and similar levies.
For the sales of aluminium, the total consideration in the aluminium contracts is based on their stand-alone selling prices. The standalone selling prices will be determined based on the list prices at which the company sells the aluminium in separate transactions.

*** Interest income**

Interest income is recognised on a time-proportion basis using effective interest method.

2-4-12 Expenses

All expenses including cost of sales, selling and marketing expenses, general and administrative expenses and other expenses are recognized and charged to the Statement of profit or loss in the financial year in which these expenses were incurred.

2-4-13 Borrowings

Borrowings are initially recognized at the value of the consideration received. Amounts maturing within one year are classified as current liabilities, unless the Company has the right to postpone the settlement for a period exceeding one year after the financial position date, then the loan balance should be classified as non-current liabilities.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the Statement of profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.
Amortized cost is calculated by considering any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

interest rate amortization is included in finance expenses in the Statement of profit or loss.

2-4-14 Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2-4-15 Accounts payable and other payables

Trade payables are recognised at the amount to be paid in the future for goods or services received from others, whether they have been billed or not.

2-4-16 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, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows:

- Level 1 – Fair value measurements are those derived from quoted prices in an active market (that are unadjusted) for identical assets or liabilities.

MMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- Level 2 – Fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices) .
- Level 3 – Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization at the end of each reporting period.

2-4-17 LEGAL RESERVE

In accordance with the company's Article of Association 5% of the net profit for the year is transferred to the statutory reserve. The company may decide to discontinue these transfers when the statutory reserve reaches 50 % of the issued share capital

2-4-18 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

2-4-19 Cash and cash equivalents

For preparing the statement of cash flows, cash and cash equivalents comprise bank balances and deposits held at call with banks with original maturities of less than three months from the date of placement less bank overdrafts (if any).

2-4-20 Leases

The company assesses whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

A- Right-of-use assets

- The Company recognizes right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

- Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets based on the entity's applied depreciation policy.
- If ownership of the leased asset transfers to the company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset based on the entity's applied depreciation policy.
- The right-of-use assets are also subject to impairment.

2-4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B- Lease Liability

- At the commencement date, a lessee shall measure the lease liability at the present value of the lease payments that are not paid at that date. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee shall use the lessee's incremental borrowing rate.
- At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:
  - Fixed payments (including in-substance fixed payments as described), less any lease incentives receivable.
  - Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
  - Amounts expected to be payable by the lessee under residual value guarantees.
  - The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.
  - Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

3 FIXED ASSETS

	Land	Building	Buildings (Factory)	Machine (Factory)	Leasehold improvements	Showroom	Computers & software	Vehicles	Furniture	Tools	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost											
As of 1 January, 2021	29,979,740	1,315,345	-	-	4,646,921	1,214,256	1,836,901	1,999,245	1,376,188	112,897	**42,481,493**
Additions	-	-	1,071,372	864,679	16,500	-	625,300	521,553	985,365	750	**4,085,519**
Transfer from projects under construction	-	-	115,079,471	59,459,913	-	-	-	-	-	-	**174,539,384**
As of 31 December, 2021	29,979,740	1,315,345	116,150,843	60,324,592	4,663,421	1,214,256	2,462,201	2,520,798	2,361,553	113,647	**221,106,396**
Accumulated Depreciation											
As of 1 January, 2021	-	405,566	-	-	2,098,264	485,702	1,144,813	778,419	530,116	66,434	**5,509,314**
Depreciation for the year	-	131,535	1,076,670	1,198,240	834,473	242,851	351,711	468,980	304,092	19,477	**4,628,029**
As of 31 December, 2021	-	537,101	1,076,670	1,198,240	2,932,737	728,553	1,496,524	1,247,399	834,208	85,911	**10,137,343**
Net book value as of 31 December 2021	29,979,740	778,244	115,074,173	59,126,352	1,730,684	485,703	965,677	1,273,399	1,527,345	27,736	**210,969,053**

- There is no mortgage over the fixed assets.

3 FIXED ASSETS (continued)

	Land	Building	Leasehold improvements	Showroom	Computers & software	Vehicles	Furniture	Tools	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost									
As of 1 January, 2020	29,979,740	1,315,345	2,272,633	1,214,256	1,650,178	1,489,719	705,859	101,625	38,729,355
Additions	-	-	2,374,288	-	186,723	908,333	670,329	11,272	4,150,945
Disposals	-	-	-	-	-	(398,807)	-	-	(398,807)
As of 31 December, 2020	29,979,740	1,315,345	4,646,921	1,214,256	1,836,901	1,999,245	1,376,188	112,897	42,481,493
Accumulated Depreciation									
As of 1 January, 2020	-	274,031	1,480,186	242,851	835,462	650,308	315,494	46,750	3,845,082
Depreciation for the year	-	131,535	618,078	242,851	309,351	343,994	214,622	19,684	1,880,115
Disposal's depreciation	-	-	-	-	-	(215,883)	-	-	(215,883)
As of 31 December, 2020	-	405,566	2,098,264	485,702	1,144,813	778,419	530,116	66,434	5,509,314
Net book value as of 31 December 2020	29,979,740	909,779	2,548,657	728,554	692,088	1,220,826	846,072	46,463	36,972,179

- There is no mortgage over the fixed assets.
- Fully deprecated assets amounted to 576,342 EGP.

Gain on disposal of property, plant and equipment: -

Property, plant and equipment disposed during the year:

	EGP	EGP
Proceeds from sale of property, plant and equipment		385,000
Historical cost	398,807	
Accumulated depreciation	(215,883)	
Net book value of sale of property, plant and equipment		182,924
Gain on sale of property, plant and equipment		202,076

4 RIGHT OF USE

	31/12/2021 EGP
Balance as of 1 January 2021on Initial application	7,311,050
Additions during the year	-
Depreciation Expense	(1,824,422)
Net book value as of 31 December 2021	5,486,628

The right of use Assets are represented by the leased Buildings (Garage, Villa, Advertising Space, 2 Warehouses and 4 Offices).

5 PROJECTS UNDER CONSTUCTION

	31/12/2020 EGP	Additions EGP	Transfers to fixed assets EGP	31/12/2021 EGP
⁻actory buildings under construction	80,251,553	34,827,918	(115,079,471)	-
Machines under preparation and nstallation	55,009,153	4,450,760	(59,459,913)	-
	135,260,706	39,278,678	(174,539,384)	-

5 INVESTMENTS IN ASSOCIATE

Company Name	Contribution Percentage	No. of Shares	31/12/2021 EGP	31/12/2020 EGP
Alumil Misr for manufacturing aluminium bars and accessories	%1	506	**506,000**	360,000
			506,000	360,000

INVENTORY

	31/12/2021 EGP	31/12/2020 EGP
Raw materials	**35,426,439**	32,822,277
Goods in transit *	**11,916,619**	10,647,670
Scrap from painting processes	**92,959**	-
Finished products	**1,260,763**	-
	48,696,780	43,469,947
Write-down of inventory	**(1,283,004)**	-
	47,413,776	43,469,947

Goods in transit includes an amount of EGP 924,508, which represents the Cost of Sales that is pected to be returned, in accordance with Egyptian Accounting Standard No. (48) - Revenue from ntracts with customers.

8 ACCOUNTS AND NOTES RECEIVABLES

	31/12/2021 EGP	31/12/2020 EGP
Trade receivables	**83,934,571**	49,139,004
Notes receivable maturing in 95 days	**33,032,130**	45,656,513
	116,966,701	94,795,517
Impairment in accounts and notes receivable	**(18,322,816)**	(2,459,938)
	98,643,885	92,335,579

The impairment movement in customer and notes receivable is as follows:

	31/12/2021 EGP	31/12/2020 EGP
Balance as of 1 January	**2,459,938**	2,459,938
Adjustment on impairment for previous years in retained earnings Note No. 29	**13,721,456**	-
Charged during the year	**2,141,422**	-
	18,322,816	2,459,938

On 31 December 2021 and 31 December 2020, the ageing analysis of accounts and notes receivable is as follows:

	Total	Not yet to maturity EGP	Less than 30 days EGP	From 30 to 60 days EGP	From 60 to 90 days EGP	More than 90 days EGP
31 December 2021	**116,966,701**	**3,766**	**52,717,524**	**25,954,714**	**14,450,470**	**23,840,227**
31 December 2020	94,795,517	-	37,501,274	27,436,323	7,451,480	22,406,440

9 RELATED PARTY TRANSACTIONS

The Company entered into several transactions with related parties in the form of sales, purchases and other services related to the business, amounts paid to the management member, and cash transfers, the following are the transactions with related parties during the year:

A- Balances due from related parties

			Amounts of transactions		Balance	
pany Name	**Relationship Type**	**Transaction Nature**	**31/12/2021**	31/12/2020	**31/12/2021**	31/12/2020
ı Company for ım Trading	Shareholder	Financing	**15,400**	13,650	**1,032,025**	1,016,625
			15,400	13,650	**1,032,025**	1,016,625

Related party financing is non-interest bearing and payable on demand.

It is presented as follows:

	2021 EGP	2020 EGP
Balance as of 1 January	**1,016,625**	1,002,975
Net transactions during the year	**15,400**	13,650
Adjustment on impairment for previous years in retained earnings Note No. 29	**(1,016,625)**	-
Impairment charged during the year	**(1,301)**	-
Balance as of 31 December	**14,099**	1,016,625

B- Balances due to related parties

ıpany ıme	Relationship Type	Transaction Nature	Amounts of transactions 31/12/2021	31/12/2020	Balance 31/12/2021	31/12/2020
nium –	Associates	Purchases	**(20,691,570)**	54,581,466		
ıium –	Associates	Management fees	**7,153,899**	9,515,928	**112,072,758**	125,610,429
Misr ustry	Shareholder	Financing	**811,166**	13,160,000	**46,921,648**	46,110,482
			(12,726,505)	77,257,394	**158,994,406**	171,720,911

Related party financing is non-interest bearing and payable on demand.

Benefits of Board of directors and Principal Managers

	31/12/2021 EGP
Short-term benefits	**900,000**
	900,000

This amount represents the Board of directors' salaries and it is recorded in General and administrative expenses account.

10 PREPAYMENTS AND OTHER RECEIVABLES

	31/12/2021 EGP	31/12/2020 EGP
Advances to suppliers	**2,529,680**	7,475,930
Deposits With others	**458,720**	509,720
Advances to employees	**760,392**	277,416
Imprest Funds	**290,782**	-
Withholding Tax – debit	**2,664,428**	1,778,693
Prepaid expenses	**880,139**	549,985
	7,584,141	10,591,744

11 CASH AND CASH EQUIVALENT

	31/12/2021 EGP	31/12/2020 EGP
a) Local currency		
Current accounts	21,063,833	6,013,052
Cash on hand	33,421	32,400
	21,097,254	6,045,452
b) Foreign currency		
Current accounts	224,972	559,515
	224,972	559,515
	21,322,226	6,604,967

12 PAID UP CAPITAL

The Authorized Capital Shares amounted to 200,000 Share with par Value 100 EGP, and total value 20,000,000 EGP, However the Paid-up Capital Share amounted to 60,014 Shares with par Value 100 EGP, and total value of 6,001,400 EGP.

Name	Nationality	Description	No. of Shares	Par Value in EGP	Contribution %
Egyptian Company for Aluminium Trading	Egyptian	Founder	29,357	2,935,700	48.92%
Mr. Athnasus Pananoas	Greek	Founder	50	5,000	0.08%
Alumil Misr for Manufacturing Aluminium and Accessories	Egyptian	Founder	30,607	3,060,700	51.00%
			60,014	**6,001,400**	**100%**

13 LEASE LIABILITIES

	31/12/2021 EGP
Minimum Lease payments	
Within one year	2,550,989
Later than one year	5,781,365
	8,332,354
The present Value of Minimum Lease payments	
Within one year	1,954,075
Later than one year	5,040,693
	6,994,768

The right of use Assets are represented by the leased Buildings (Garage, Villa, Advertising Space, 2 Warehouses and 4 Offices).

	31/12/2021
	EGP
Balance as of 1/1/2021	8,573,556
Interest expense (Note 22)	828,507
Instalments paid through the year	(2,407,295)
Balance as of 31 December 2021	**6,994,768**

14 PROVISIONS

	Balance as of 1/1/2021 EGP	Charged during the year EGP	Used during the year EGP	**Balance as of 31/12/2021 EGP**
Sales returns provision (Note 20)	-	1,316,362	-	**1,316,362**
	-	1,316,362	-	**1,316,362**

15 INCOME TAXES

Income tax payable

	31/12/2021 EGP	31/12/2020 EGP
Beginning balance	**3,201,538**	3,466,438
Current income tax	**5,614,637**	3,201,538
Income tax paid	**(3,201,538)**	(3,466,438)
	5,614,637	3,201,538

Statement of profit and loss

	31/12/2021 EGP	31/12/2020 EGP
Current income tax expense	**5,614,637**	3,201,537
Deferred income tax expense	**6,423,760**	(111,164)
	12,038,397	3,090,373

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

		31/12/2021		31/12/2020
		EGP		EGP
Profits before income taxes		55,460,785		10,591,815
Right down of inventory		1,283,004		-
Impairment in accounts and notes receivables		2,141,422		-
Impairment in due from related parties		1,301		-
Accounting depreciation and amortization		4,628,029		1,880,115
Sales returns provision		1,316,362		-
Non-deductible expenses		2,000,000		2,493,225
Unrealized Foreign exchange differences		5,278,390		-
Social contribution		932,467		654,325
Realized Foreign exchange differences		(15,161,404)		-
Gain on sale of fixed assets		-		(202,076)
Tax depreciation		(32,926,413)		(1,188,346)
Taxable income	22.5%	24,953,943	22.5%	14,229,058
Income taxes at the effective tax rate	10.12%	5,614,637	30.23%	3,201,538

Deferred Tax

	Statement of financial position		Statement of profit or loss	
	31/12/2021	31/12/2020	31/12/2021	31/12/2020
	EGP	EGP	EGP	EGP
Temporary differences:				
Deprecation of fixed assets	(6,282,560)	141,199	6,423,760	(111,164)
	(6,282,560)	141,199	6,423,760	(111,164)

16 ACCOUNTS AND NOTES PAYABLE

	31/12/2021	31/12/2020
	EGP	EGP
Accounts payable	9,993,234	1,986,368
Notes payable maturing in 215 days	48,002,254	32,632,015
	57,995,488	34,618,383

On 31 December 2021 and 31 December 2020, the ageing analysis of accounts and notes payable is as follows:

	Total	Not yet to maturity	Less than 30 days	From 30 to 60 days	From 60 to 90 days	More than 90 days
		EGP	EGP	EGP	EGP	EGP
31 December 2021	57,995,488	95,824	25,029,275	20,325,562	10,925,849	1,618,978
31 December 2020	34,618,383	19,047	15,141,250	11,275,919	7,379,330	802,837

17 ACCRUED EXPENSES AND OTHER PAYABLES

	31/12/2021 EGP	31/12/2020 EGP
Advances from customers	5,317,936	5,372,452
Accrued expenses	149,905	393,087
Accrued social contribution	934,197	1,241,835
Tax Authority – Payroll Tax	265,588	553,487
Withholding Tax – Suppliers	1,095,051	511,823
Tax Authority – Value Added Tax	3,021,753	560,213
Social Insurance Authority	519,674	492,680
	11,304,104	9,125,577

18 LOANS

On 14 March 2020 Alumil company for trading and industry had signed a medium-term Financing contract with Cairo bank amounted to L.E 40 million with 7.5% interest rate and this finance had been granted in order to refinance the letter of credit related to the factory production line amounted to Euro 2.560 million in addition to financing taxes and customs related to the letter of credit.

Time Duration.

Loan time duration is five years including the grace period which is six months starting from The first payment to the foreign supplier – availability period is four months from credit approval on 14 March 2020.

Settlement and Grace period

Funding principal amount is settled on equal quarterly instalments with total of 19 quarterly instalments, the first instalment is accrued at the first day following the end of the grace period on 15 September 2020.

Guarantees

The company is obliged not to dispose the factory production line without obtaining a prior written approval from Banque du Caire. The company should assure that all the financial and commercial documents, cash deposits, Cairo bank certificate deposits, cash, inventories, and other transferred cash either it is currently deposited, or it will be deposited in the future to the bank is considered as frozen cash to cover the financing settlement related to the contract until fully paid with no need for any additional procedure.

	31/12/2021 EGP	31/12/2020 EGP
Non-current portion	16,418,393	24,304,057
Current portion	7,885,664	7,885,664
	24,304,057	32,189,721

	Cairo Bank EGP	Total EGP
Balance as of 1 January 2021	32,189,721	32,189,721
Proceeds during the year	-	-
Payments during the year	(7,885,664)	(7,885,664)
Balance as of 31 December 2021	24,304,057	24,304,057

	Cairo Bank EGP	Total EGP
Balance as of 1 January 2020	-	-
Proceeds during the year	35,485,491	35,485,491
Payments during the year	(3,295,770)	(3,295,770)
Balance as of 31 December 2020	32,189,721	32,189,721

19 CREDIT FACILITIES

On 2 December 2021 Alumil Company for trading and industry had signed credit facility contract with Cairo bank at maximum of EGP 90 million with 8% interest rate according to the CBE precession and if this precession is cancelled the rate will be corridor of CBE for borrowing + 1.25%, the credit facility period ends on 31 May 2022.

	31/12/2021 EGP	31/12/2020 EGP
Cairo bank – Credit Facilities	**16,044,208**	41,898

20 SALES

	31/12/2021 EGP	31/12/2020 EGP
Aluminium Sales	**302,083,571**	210,675,058
Accessories Sales	**78,840,429**	61,347,335
	380,924,000	272,022,393
Trading Discount	**(7,427,909)**	(10,802,792)
Sales returns (Note 14)	**(1,316,362)**	-
	372,179,729	261,219,601

21 OTHER REVENUES

	31/12/2021 EGP	31/12/2020 EGP
Credit interest	**60,619**	13,190
Gain on sale of fixed assets	**-**	202,076
Shipping expenses charged to customers	**746,366**	-
	806,985	215,266

22 FINANCE COST

	31/12/2021 EGP	31/12/2020 EGP
Interest on loans and credit facilities	**1,197,187**	502,270
Foreign exchange differences	**(9,477,554)**	7,666,172
Interest Expense – lease liability	**828,507**	-
	(7,451,860)	8,168,442

23 SELLING AND MARKETING EXPENSES

	31/12/2021 EGP	31/12/2020 EGP
Salaries and benefits	3,483,082	3,060,203
Advertising and marketing activities	2,867,422	1,949,525
Management fees (Note 9-b)	2,346,618	6,193,725
Promotional materials	714,782	530,679
Rent expense	489,611	210,497
Repairs & maintenance	49,066	45,489
Vehicles and transportation rent	1,318,542	539,143
Other expenses	1,421,279	202,490
	12,690,402	12,731,751

24 GENERAL AND ADMINISTRATIVE EXPENSES

	31/12/2021 EGP	31/12/2020 EGP
Salaries and benefits	10,207,075	10,832,721
Depreciation and Amortization	4,579,925	1,880,115
Insurance	440,088	326,463
Management fees (Note 9-b)	4,807,281	3,322,203
Professional fees	832,875	862,477
Rent expense	90,865	-
Repairs & maintenance	404,751	160,734
Vehicles and transportation rent	4,698,008	2,292,882
Other expenses	5,186,002	7,450,068
	31,246,870	27,127,663

25 CONTINGENT LIABILITY

On 31 December 2021, the company has no contingent liabilities in respect of letters of guarantee.

26 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Overview

The Company has exposure to the following risks from its use of financial instruments:

a) Credit risk,
b) Market risk, and
c) Liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The Board of Directors of the Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company's senior management are responsible for developing and monitoring the risk management policies and report regularly to the Parent Company. on their activities.

The Company's current financial risk management framework is a combination of formally documented risk management policies in certain areas and informal risk management policies in other areas.

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company is exposed to credit risk principally from its receivables from customers, due from related parties, other receivables and from its financing activities, including deposits with banks and financial institutions.

Accounts and notes receivables
The customer credit risk is established by the Company' policies, procedures and controls relating to customer credit risk management. Credit quality of a customer is assessed based on extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. An impairment analysis is performed at each reporting date on an individual basis.

Other financial assets and cash deposits
With respect to credit risk arising from the other financial assets of the Company, which comprise mainly bank balances and cash, the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these assets.

Credit risk from balances with banks and financial institutions is managed by local Company's treasury supported by the Parent Company the Company limits its exposure to credit risk by only placing balances with international banks

and local banks of good reputation. Given the profile of its bankers, management does not expect any counterparty to fail to meet its obligations.

Due from related parties
Due from related parties relates to transactions arising in the normal course of business with minimal credit risk, with a maximum exposure equal to the carrying amount of these balances.

b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as currency risk and interest rate risk, which will affect the Company's income. Financial instruments affected by market risk include interest-bearing loans and borrowings and deposits. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company does not hold or issue derivative financial instruments.

Exposure to interest rate risk
Interest rates on long term loans are disclosed in Note 18 to the financial statements.

	31/12/2021		31/12/2020	
	Change in rate	**Effect on profits before tax EGP**	Change in rate	Effect on profits before tax EGP
Financial liability	**+1%**	**(206,691)**	+1%	(298,948)
	-1%	**206,691**	-1%	298,948

Exposure to foreign currency risk
The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates and Euro exchange rate with all other variables held constant. The impact on the Company's profits before tax is due to changes in the value of monetary assets and liabilities. The Company's exposure to foreign currency changes for all other currencies is not material.

	31/12/2021		31/12/2020	
	Change in rate	**Effect on profits before tax EGP**	Change in rate	Effect on profits before tax EGP
USD	**+10%**	**1,738,633**	+10%	903,604
	-10%	**(1,738,633)**	-10%	(903,604)
EURO	**+10%**	**(11,093,049)**	+10%	(2,052,957)
	-10%	**11,093,049**	-10%	2,052,957

c) Liquidity risk
The cash flows, funding requirements and liquidity of the Company are monitored by local Company management supported by the Parent Company. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings. The Company manages liquidity risk by maintaining adequate reserves and borrowing facilities, by continuously monitoring forecasted and actual cash flows and matching the maturity profiles of financial assets and liabilities.
The Company currently has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations.
The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Financial liabilities

of 31 December, 2021	Less than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 years	Total
rued expenses and other payables	5,051,971	6,252,133	-	-	**11,304,104**
ns	470,862	7,414,802	19,350,543	-	**27,236,207**
: to related party	-	158,994,406	-	-	**158,994,406**
se Liabilities	559,977	1,991,012	5,781,365	-	**8,332,354**
ounts and notes payable	57,899,664	95,824	-	-	**57,995,488**
ome tax payable	-	5,614,637	-	-	**5,614,637**
dit facilities	-	16,044,208	-	-	**16,044,208**
al undiscounted financial liabilities	63,982,474	196,407,022	25,131,908	-	**285,521,404**

of 31 December, 2020	Less than 3 Months	3 to 12 Months	1 to 5 Years	Over 5 years	Total
rued expenses and other payables	-	9,125,577	-	-	**9,125,577**
ns	470,862	7,414,802	29,615,451	-	**37,501,115**
to related party	-	171,720,911	-	-	**171,720,911**
ounts and notes payable	7,000,000	27,618,383	-	-	**34,618,383**
lit facilities	41,898	-	-	-	**41,898**
me tax payable	-	3,201,538	-	-	**3,201,538**
al undiscounted financial liabilities	**7,512,760**	**219,081,211**	**29,615,451**	-	**256,209,422**

27 FAIR VALUES OF FINANCIAL INSTRUMENTS

Financial instruments comprise financial assets and financial liabilities.

Financial assets of the Company include cash at banks, accounts receivable, due from related parties, other receivables and other debit balances. Financial liabilities of the Company include interest-bearing loans and borrowings, accounts payable, accrued expenses and other payables, due to related parties, income tax payable and dividends payable .

The fair values of the financial assets and liabilities are not materially different from their carrying value unless stated otherwise.

28 TAX POSITION

a. Corporate income tax

- The company submits its income tax returns on the legal due basis.
- The company's records were inspected for the period from inception till 2012, adjustments were made with the tax authority and the tax inspection differences were settled.

- No tax inspection took place for the Company's records for the period from 31 December 2012 till 31 December 2021.

b. **Salary tax**
- The company's records were inspected from the beginning of the activity till 2013, and the tax inspection differences were settled.
- No tax inspection took place for the Company's records for the period from 2013 till 31 December 2021.

c. **Stamp duty tax**
- No tax inspection took place for the Company's records for the period from inception till 31 December 2021.

l. **Withholding tax**
- No tax inspection took place for the Company's records from the beginning of activity till31 December 2021.
- The Company's records are currently being inspected for the years from 2015 till 31 December 2021.

:. **Value added tax**
- The company's records were inspected for the period from inception till 31 December 2021, and the tax inspection differences were settled.

: **Social Insurance**
- The Company paid under the account of Social Insurance Authority till 31 December 2021.

!9 ADJUSTMENTS ON RETAINED EARNINGS

'irstly: Egyptian Accounting Standard No. 49 "Leases" was adopted as of January 1, 2021, nd under the modified retrospective approach, the lease liability is measured based on the emaining lease payments discounted using the incremental borrowing rate as of the date of iitial application 1 January 2021.
'he right-of-use asset is at its carrying amount as if the standard had been applied since the ommencement date. The right-of-use asset is subject to depreciation on a straight-line basis ver the lower of lease term or the useful life of the leased asset
ie difference between the lease liability and the right of use at the application date will be harged to the retained earnings.
ie net impact on retained earnings resulting from the application of Egyptian Accounting tandard No. 49 amounted to EGP 1,450,007 as follows:

	EGP
Right of use asset	**7,311,050**
Prepayments and other receivables	**(187,501)**
Lease liabilities	**(8,573,556)**
Total adjustments on Retained Earnings	**(1,450,007)**

econdly: Egyptian Accounting Standard No. 47 "Financial instruments" was adopted as of inuary 1, 2021, and the net impact on retained earnings resulting from the application of gyptian Accounting Standard No. 47 amounted to EGP 14,738,081 as follows:

	EGP
Due from related parties	(1,016,625)
Accounts and notes receivable	(13,721,456)
Total adjustments on Retained Earnings	**(14,738,081)**

30 SUBSEQUENT EVENTS

The outbreak of Novel Coronavirus (COVID 19) continues to progress and evolve and the World Health Organization "WHO" announced that the outbreak of the virus can be described as a global epidemic, and the government has introduced various measures to combat disease outbreaks, including travel restrictions and quarantine, business closures, and other locations, these government responses and their corresponding impacts are still evolving and which are expected to affect the economic climate and that, in turn, could expose the company to various risks, including a significant reduction in evaluation / impairment of assets and other risks.

These events may affect the financial statements for future financial periods. The magnitude of the impact varies according to the expected extent, the period during which those events are expected to end and their impact.