

**ALUMIL MISR FOR TRADING AND INDUSTRY
(S.A.E.)
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022
TOGETHER WITH THE AUDITOR'S REPORT**

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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 2022, and the related statements of profit or loss, comprehensive income, changes in equity and cash flows for the year ended 31 December 2022, 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.

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.

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 2022, and of its financial performance and its cash flows for the year ended 31 December 2022 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 company used an appropriate costing system, and the physical inventory count was undertaken by the branch's management in accordance with the proper norms.

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.



Ahmed Amin Hafez

R.A.A. 20964

Cairo: 22 June 2023

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

STATEMENT OF FINANCIAL POSITION

AS OF 31 DECEMBER 2022

	Note	31/12/2022 EGP	31/12/2021 EGP
ASSETS			
Non-current assets			
Fixed assets	(3)	208,939,571	210,969,053
Right of use assets	(4)	3,697,720	5,486,628
Investments in associate	(5)	506,000	506,000
Deferred tax assets	(14)	3,539,134	-
Total non-current assets		216,682,425	216,961,681
Current assets			
Inventory	(6)	65,589,835	47,413,776
Accounts and notes receivable	(7)	113,204,442	98,643,885
Due from related parties	(8-a)	2,632	14,099
Prepayments and other receivables	(9)	20,382,695	7,584,141
Cash and Cash Equivalents	(10)	51,269,277	21,322,226
Total current assets		250,448,881	174,978,127
TOTAL ASSETS		467,131,306	391,939,808
EQUITY AND LIABILITIES			
Equity			
Paid up capital	(11)	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		58,408,112	65,753,408
Total equity		95,743,922	103,089,218
Non-Current liabilities			
Lease Liabilities non-current portion	(12)	2,818,700	5,040,693
Deferred tax liability	(14)	-	6,282,560
Loans - Non-current portion	(17)	8,532,729	16,418,393
Total non-current liabilities		11,351,429	27,741,646
Current liabilities			
Loans - current portion	(17)	7,885,664	7,885,664
Credit facilities	(18)	10,423,986	16,044,208
Lease Liabilities-current portion	(12)	2,060,803	1,954,075
Provisions	(13)	1,297,844	1,316,362
Accounts and notes payable	(15)	51,296,817	57,995,488
Accrued expenses and other payables	(16)	21,502,995	11,304,104
Due to related parties	(8-b)	253,202,406	158,994,406
Income tax payable	(14)	12,365,440	5,614,637
Total current liabilities		360,035,955	261,108,944
Total liabilities		371,387,384	288,850,590
TOTAL EQUITY AND LIABILITIES		467,131,306	391,939,808

Managing Director

Financial Manager

-The accompanying notes from (1) to (26) 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 2022

	Note	31/12/2022 EGP	31/12/2021 EGP
Sales	(19)	418,855,496	372,179,729
Cost of sales		<u>(308,796,095)</u>	<u>(278,897,794)</u>
GROSS PROFIT		110,059,401	93,281,935
Selling and marketing expenses	(22)	(14,947,670)	(12,690,402)
General and administrative expenses	(23)	(32,384,831)	(30,500,504)
Impairment in accounts and notes receivables	(7)	(236,596)	(2,141,422)
Impairment in due from Related parties	(8-a)	(7,037)	(1,301)
Impairment in cash and cash equivalents	(10)	<u>(127,261)</u>	<u>-</u>
OPERATING PROFIT		62,356,006	47,948,306
Finance Income	(20)	895,925	9,538,173
Finance Expenses	(21)	<u>(12,541,246)</u>	<u>(2,025,694)</u>
PROFITS BEFORE INCOME TAXES		50,710,685	55,460,785
Income tax expenses	(14)	<u>(15,033,999)</u>	<u>(12,038,397)</u>
PROFITS FOR THE YEAR		<u>35,676,686</u>	<u>43,422,388</u>

Managing Director

Financial Manager

- The accompanying notes from (1) to (26) are an integral part of these financial statements.

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
STATEMENT OF COMPREHENSIVE INCOME
AS OF 31 DECEMBER 2022

	31/12/2022 EGP	31/12/2021 EGP
Profits for the year	35,676,686	43,422,388
Other comprehensive income:	-	-
Foreign exchange (losses) in accordance with Appendix C – EAS 13	(55,512,234)	-
Deferred income tax benefit on foreign exchange (losses)	12,490,252	-
TOTAL COMPREHENSIVE INCOME	<u>(7,345,296)</u>	<u>43,422,388</u>

- The accompanying notes from (1) to (26) are an integral part of these financial statements.

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

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Paid up capital EGP	Legal reserve EGP	Share premium EGP	Retained earnings EGP	Total EGP
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	-	-	-	(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
Balance as of 1 January 2022	6,001,400	1,000,000	30,334,410	65,753,408	103,089,218
Profits for the year	-	-	-	35,676,686	35,676,686
Comprehensive income	-	-	-	(43,021,982)	(43,021,982)
Balance as of 31 December 2022	6,001,400	1,000,000	30,334,410	58,408,112	95,743,922

- The accompanying notes from (1) to (26) 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 2022

	Note	31/12/2022 EGP	31/12/2021 EGP
Cash flows from operating activities			
Profits before income tax		50,710,685	55,460,785
Depreciation of fixed assets	(3)	6,886,301	4,628,029
Amortization of right of use assets	(4)	1,788,908	1,824,422
Credit interest	(20)	(895,925)	(60,619)
Write down of inventory	(6)	540,918	1,283,004
Provisions no longer required	(6)	(832,025)	-
Impairment in accounts and notes receivable	(7)	236,596	2,141,422
Impairment in due from related parties	(8-a)	7,037	1,301
Impairment in Cash and cash equivalent	(10)	127,261	-
Provisions no longer required	(13)	(18,518)	1,316,362
Financing Expenses	(21)	4,273,469	2,025,694
		<u>62,824,707</u>	<u>68,620,400</u>
Change in working capital			
Inventory		(17,884,952)	(5,226,833)
Accounts and notes receivable		(14,797,153)	(22,171,186)
Due from related parties		4,430	(15,400)
Prepayments and other receivables		(12,798,554)	2,820,103
Due to related parties		38,695,765	(12,726,505)
Accounts and notes payable		(6,698,671)	23,377,105
Accrued expenses and other payables		10,198,891	2,178,527
Cash flows provided from operating activities		<u>59,544,463</u>	<u>56,856,211</u>
Income tax paid	(14)	(5,614,637)	(3,201,538)
Net cash flows provided from operating activities		<u>53,929,826</u>	<u>53,654,673</u>
Cash flows from investing activities			
Payments for purchase of fixed assets	(3)	(4,856,819)	(4,085,519)
Payments for investments in associates	(5)	-	(146,000)
Payments for projects under construction		-	(39,278,678)
Credit interest	(20)	895,925	60,619
Net cash flows (used in) investing activities		<u>(3,960,894)</u>	<u>(43,449,578)</u>
Cash flows from financing activities			
(Payments) receipts from credit Facilities	(18)	(5,620,222)	16,002,310
Financing Expenses paid		(3,631,495)	(1,197,187)
(Payments) of lease liabilities	(12)	(2,757,239)	(2,407,295)
(Payments) receipts from term loan	(17)	(7,885,664)	(7,885,664)
Net cash flows (used in) provided from financing activities		<u>(19,894,620)</u>	<u>4,512,164</u>
Net change in cash and cash equivalents during the year		<u>30,074,312</u>	<u>14,717,259</u>
Cash and cash equivalents at the beginning of the year		<u>21,322,226</u>	<u>6,604,967</u>
Cash and cash equivalents before impairment		<u>51,396,538</u>	<u>21,322,226</u>
Impairment in cash and cash equivalent	(10)	(127,261)	-
Cash and cash equivalents at the end of the year	(10)	<u>51,269,277</u>	<u>21,322,226</u>

- The accompanying notes from (1) to (26) are an integral part of these financial statements.

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

1. BACKGROUND

Alumil Misr for Trading and industry – S.A.E. was formed under the provision of law No. 159 for the year 1981 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).

The financial statements of the company for the year ended 31 December 2022 were authorized for issuance in accordance with the resolution of the Board of Directors held on 11 June 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2-1 Statement of compliance

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

The accounting policies adopted this year are consistent with those of the previous year, except for the application of appendix (C) of EAS 13 issued by the ministerial decision number 4706 for 2022, refer to 2-3-1 Foreign currency translation policy.

2-2 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 cash accounts and notes receivable and due from related parties are always measured at an amount equal to lifetime ECL.

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- Terms of payment for each customer
- Historical credit loss experience for the prior three years
- Days to Default (30 days)
- Loss given at default

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The Company applies a simplified approach in calculating ECLs. And recognizes a loss allowance based on lifetime ECLs at each reporting period. The Company has established a risk-based maturity dependent on allowance rate table that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment represented in official inflation rates published in the central bank of Egypt.

- Expected credit loss rates for accounts receivable imputing loss given defaults, probability of default and macroeconomics represented in inflation rate are summarized as follows:

From 0 to 30	0%
From 31 to 60	4%
From 61 to 90	11%
From 91 to 120	22%
From 121 to 150	34%
From 151 to 180	47%
From 181 to 210	70%
Greater than 211	100%

- 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.

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2-3 Summary of Significant accounting policies

2-3-1 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 except for unrealized foreign exchange loss and gain eligible to be recorded through other comprehensive income in accordance with appendix (C) of EAS 13 issued by the ministerial decision number 4706 for 2022.

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.

2-3-2 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 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

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2-3-3 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.

2-3-4 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 subsidiaries 20% or more of the voting power of the investee, unless it can be clearly demonstrated that this is not the case.

Investments in associate companies are accounted for in the financial statements at cost of acquisition, then adjusted for the change in the company's share in the net assets of the associate company, and the profits or losses of its share in the associate company's income statement, as well as comprehensive income.

The share of investments in the profits that is decided to be distributed from the profits of the invested companies is included in the income statement as investment income.

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2-3-5 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.

2-3-6 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 performed credit assessment and forward-looking information represented in official inflation rate published by the central bank of Egypt.

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

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

2-3-7 Accounts and Notes receivable

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

2-3-8 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.

2-3-9 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

2-3-10 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.

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 its 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.

2-3-11 Revenue recognition

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 trading and painting 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 a 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, similar levies and volume discounts and rebates, if any.

Transaction price is adjusted for allowance for sales returns and other discounts.

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 prices list at which the company sells the aluminium in separate transactions.

*** Sale of painted aluminium bars and accessories**

Revenue from sale of painted aluminum bars, unpainted aluminum bars and accessories is recognized on a point of time upon delivery when the control of the assets is transferred to the customers.

Revenue from painting services is recognized on a point of time when the service is rendered and full amount is charged to the client.

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
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SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*** Interest income**

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

2-3-12 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.

2-3-13 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 interest rate amortization is included in finance expenses in the Statement of profit or loss.

2-3-14 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.

2-3-15 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.

2-3-16 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.

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.
- 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.

2-3-17 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

2-3-18 Statement of cash flows

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

2-3-19 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).

2-3-20 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.

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 2022

3 FIXED ASSETS

Cost	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
As of 1 January 2022	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
Additions	-	-	1,454,327	1,143,472	213,360	474,852	300,193	1,052,632	217,983	-	4,856,819
As of 31 December 2022	29,979,740	1,315,345	117,605,170	61,468,064	4,876,781	1,689,108	2,762,394	3,573,430	2,579,536	113,647	225,963,215
Accumulated Depreciation	-	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
As of 1 January 2022	-	131,535	2,350,411	2,434,899	534,930	282,377	314,167	378,333	446,597	13,052	6,886,301
Depreciation for the year	-	-	-	-	-	-	-	-	-	-	-
As of 31 December 2022	-	668,636	3,427,081	3,633,139	3,467,667	1,010,930	1,810,691	1,625,732	1,280,805	98,963	17,023,644
Net book value as of 31 December 2022	29,979,740	646,709	114,178,089	57,834,925	1,409,114	678,178	951,703	1,947,698	1,298,731	14,684	208,939,571

- There is no mortgage over the fixed assets.
- Fully depreciated assets amounted to EGP 3,824,371.

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3 FIXED ASSETS (continued)

	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.
- Fully depreciated assets amounted to EGP 576,892

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

4 RIGHT OF USE ASSETS

	31/12/2022	31/12/2021
	EGP	EGP
Balance as of 1 January	5,486,628	7,311,050
Amortization Expense	(1,788,908)	(1,824,422)
Net book value	3,697,720	5,486,628

The right of use Assets are represented by the leased Buildings (Garage, Villa, Advertising Space, 2 Warehouses and 4 Offices) starting from 1 July 2017 to 30 June 2026.

5 INVESTMENTS IN ASSOCIATE

Company Name	Contribution Percentage	No. of Shares	31/12/2022	31/12/2021
			EGP	EGP
Alumil Misr for manufacturing aluminium bars and accessories	%1	506	506,000	506,000
			<u>506,000</u>	<u>506,000</u>

The Managing Director of Alumil Misr for Trading and Industry S.A.E is represented as the Chairman of the Board of Directors of Alumil Misr for Manufacturing Aluminium Bars and Accessories accordingly significant influence exist for the investment to be accounted for as investment in Associate according to the equity method.

6 INVENTORY

	31/12/2022	31/12/2021
	EGP	EGP
Raw materials	60,849,025	35,426,439
Goods in transit *	4,048,526	11,916,619
Scrap from painting processes	-	92,959
Finished products	1,684,181	1,260,763
	<u>66,581,732</u>	<u>48,696,780</u>
Write-down of inventory	(991,897)	(1,283,004)
	<u>65,589,835</u>	<u>47,413,776</u>

*Goods in transit includes an amount of EGP 936,576, which represents the Cost of Sales related to expected sales return in accordance with Egyptian Accounting Standard No. (48) – Revenue from contracts with customers.

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
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The impairment movement in inventory is as follows:

	31/12/2022	31/12/2021
	EGP	EGP
Balance as of 1 January	1,283,004	-
No longer required	(832,025)	-
Charged during the year	540,918	1,283,004
	991,897	1,283,004

7 ACCOUNTS AND NOTES RECEIVABLES

	31/12/2022	31/12/2021
	EGP	EGP
Trade receivables	59,319,739	83,934,571
Notes receivable maturing in 95 days	68,961,267	33,032,130
	128,281,006	116,966,701
Impairment in accounts and notes receivable	(15,076,564)	(18,322,816)
	113,204,442	98,643,885

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

	31/12/2022	31/12/2021
	EGP	EGP
Balance as of 1 January	18,322,816	2,459,938
Adjustment resulting from applying EAS no. 47 (ECL)	-	13,721,456
Write off	(3,482,848)	-
Charged during the year	236,596	2,141,422
	15,076,564	18,322,816

On 31 December 2022 and 31 December 2021, the aging analysis of accounts and notes receivable 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 2022						
Balance	128,281,006	-	57,803,566	28,726,843	15,753,289	25,997,308
Expected credit loss	(15,076,564)	-	-	(89,951)	(601,591)	(14,385,022)
31 December 2021						
Balance	116,966,701	3,766	52,717,524	25,954,714	14,450,470	23,840,227
Expected credit loss	(18,322,816)	-	-	(567,024)	(553,047)	(17,202,745)

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

8 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

Company Name	Relationship Type	Transaction Nature	Amounts of transactions	
			31/12/2022	31/12/2021
Egyptian Company for Aluminium Trading	Shareholder	Financing	(4,430)	15,400
			<u>(4,430)</u>	<u>15,400</u>

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

It is presented as follows:

	31/12/2022 EGP	31/12/2021 EGP
Balance as of 1 January	1,032,025	1,016,625
Net transactions during the year	<u>(4,430)</u>	<u>15,400</u>
	1,027,595	1,032,025
Impairment	<u>(1,024,963)</u>	<u>(1,017,926)</u>
	<u>2,632</u>	<u>14,099</u>

Movement of impairment is presented as follows:

	31/12/2022 EGP	31/12/2021 EGP
Balance as of 1 January	1,017,926	-
Adjustment on impairment for previous years in retained earnings	-	1,016,625
Impairment charged during the year	<u>7,037</u>	<u>1,301</u>
	<u>1,024,963</u>	<u>1,017,926</u>

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
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B- Balances due to related parties

Company Name	Relationship Type	Transaction Nature	Amounts of transactions		Balance	
			31/12/2022	31/12/2021	31/12/2022	31/12/2021
Alumil Aluminium – SA	Associates	Purchases	91,522,073	(20,691,570)		
Alumil Aluminium – SA	Associates	Management fees	3,422,754	7,153,899	207,017,585	112,072,758
Alumil Misr for Industry	Shareholder	Financing	(736,827)	811,166	46,184,821	46,921,648
			<u>94,208,000</u>	<u>(12,726,505)</u>	<u>253,202,406</u>	<u>158,994,406</u>

Related party financing is non-interest bearing and payable on demand.
Management fees are agreed annually with the parent company at a fixed amount.

Benefits of Board of directors and Principal Managers

	31/12/2022 EGP	31/12/2021 EGP
Short-term benefits	<u>990,000</u>	<u>900,000</u>
	<u>990,000</u>	<u>900,000</u>

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

9 PREPAYMENTS AND OTHER RECEIVABLES

	31/12/2022 EGP	31/12/2021 EGP
Advances to suppliers	3,535,448	2,529,680
Deposits With others	10,665,840	458,720
Advances to employees	498,367	760,392
Imprest Funds	402,055	290,782
Withholding Tax – debit	3,948,561	2,664,428
Prepaid expenses	<u>1,332,424</u>	<u>880,139</u>
	<u>20,382,695</u>	<u>7,584,141</u>

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

10 CASH AND CASH EQUIVALENT

	31/12/2022 EGP	31/12/2021 EGP
a) Local currency		
Current accounts	49,092,764	21,063,833
Cash on hand	-	33,421
	<u>49,092,764</u>	<u>21,097,254</u>
b) Foreign currency		
Current accounts	2,303,774	224,972
	<u>51,396,538</u>	<u>21,322,226</u>
Expected credit loss	(127,261)	-
	<u>51,269,277</u>	<u>21,322,226</u>

11 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 issued and paid-up Capital Share amounted to 60,014 Shares with par Value 100 EGP, and total value of EGP 6,001,400

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%
			<u>60,014</u>	<u>6,001,400</u>	<u>100%</u>

12 LEASE LIABILITIES

	31/12/2022 EGP	31/12/2021 EGP
Minimum Lease payments		
Within one year	2,577,366	2,550,989
Later than one year	<u>3,313,661</u>	<u>5,781,365</u>
	<u>5,891,027</u>	<u>8,332,354</u>
The present Value of Minimum Lease payments		
Within one year	2,060,803	1,954,075
Later than one year	<u>2,818,700</u>	<u>5,040,693</u>
	<u>4,879,503</u>	<u>6,994,768</u>

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

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

	31/12/2022	31/12/2021
	EGP	EGP
Beginning Balance	6,994,768	8,573,556
Interest expense (Note 21)	641,974	828,507
Instalments paid through the year	(2,757,239)	(2,407,295)
	<u>4,879,503</u>	<u>6,994,768</u>

13 PROVISIONS

	Balance as of 1/1/2022 EGP	Charged during the year EGP	No longer required during the year EGP	Balance as of 31/12/2022 EGP
Sales returns provision (Note 19)	1,316,362	-	(18,518)	1,297,844
	<u>1,316,362</u>	<u>-</u>	<u>(18,518)</u>	<u>1,297,844</u>
	Balance as of 1/1/2021 EGP	Charged during the year EGP	No longer required during the year EGP	Balance as of 31/12/2021 EGP
Sales returns provision (Note 19)	-	1,316,362	-	1,316,362
	<u>-</u>	<u>1,316,362</u>	<u>-</u>	<u>1,316,362</u>

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
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14 INCOME TAXES

Income tax payable

	31/12/2022 EGP	31/12/2021 EGP
Beginning balance	5,614,637	3,201,538
Current income tax	12,365,440	5,614,637
Income tax paid	(5,614,637)	(3,201,538)
	<u>12,365,440</u>	<u>5,614,637</u>

Statement of profit and loss

	31/12/2022 EGP	31/12/2021 EGP
Current income tax expense	12,365,440	5,614,637
Deferred income tax expense	2,668,559	6,423,760
	<u>15,033,999</u>	<u>12,038,397</u>

RECONCILIATION OF THE EFFECTIVE INCOME TAX RATE

	31/12/2022 EGP	31/12/2021 EGP
Profits before income taxes	50,710,685	55,460,785
Write-down of inventory	291,125	1,283,004
Impairment in accounts and notes receivables	236,596	2,141,422
Impairment in due from related parties	7,037	1,301
Impairment of cash and cash equivalent	127,261	-
Accounting depreciation and amortization	6,886,300	4,628,029
Sales returns provision	(18,518)	1,316,362
Non-deductible expenses	1,924,419	2,000,000
Unrealized Foreign exchange differences (losses)	15,161,405	5,278,390
Social contribution	1,057,730	932,467
Realized Foreign exchange differences (losses)	(5,278,391)	(15,161,404)
Tax depreciation	(16,148,138)	(32,926,413)
Taxable income	22.5% <u>54,957,511</u>	22.5% <u>24,953,943</u>
Income taxes at the effective tax rate	24.38% <u>12,365,440</u>	30.23% <u>5,614,637</u>

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
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Deferred Tax

	Statement of financial position		Statement of profit or loss	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	EGP	EGP	EGP	EGP
Temporary differences:				
Deprecation of fixed assets	(8,951,119)	(6,282,560)	2,668,559	6,423,760
Foreign exchange differences	12,490,253	-	-	-
	<u>3,539,134</u>	<u>(6,282,560)</u>	<u>2,668,559</u>	<u>6,423,760</u>
	Statement of other comprehensive income			
	31/12/2022	31/12/2021		
	EGP	EGP		
Temporary differences:				
Foreign exchange differences	12,490,253	-		
	<u>12,490,253</u>	<u>-</u>		

15 ACCOUNTS AND NOTES PAYABLE

	31/12/2022	31/12/2021
	EGP	EGP
Accounts payable	2,365,865	9,993,234
Notes payable maturing in 95 days	48,930,952	48,002,254
	<u>51,296,817</u>	<u>57,995,488</u>

On 31 December 2022 and 31 December 2021, 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 2022	51,296,817	116,068	21,416,015	17,638,905	11,860,770	265,059
31 December 2021	57,995,488	95,824	25,029,275	20,325,562	10,925,849	1,618,978

ALUMIL MISR FOR TRADING AND INDUSTRY (S.A.E)
NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022

16 ACCRUED EXPENSES AND OTHER PAYABLES

	31/12/2022 EGP	31/12/2021 EGP
Advances from customers	14,550,545	5,317,936
Accrued expenses	2,283,399	149,905
Accrued social contribution	1,057,761	934,197
Tax Authority – Payroll Tax	208,496	265,588
Withholding Tax – Suppliers	496,323	1,095,051
Tax Authority – Value Added Tax	2,346,648	3,021,753
Social Insurance Authority	187,950	149,000
Other Creditors	371,873	370,674
	<u>21,502,995</u>	<u>11,304,104</u>

17 LOANS

On 14 March 2020 Alumil company for trading and industry had signed a medium-term Financing contract with Banque du Caire 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 imported machinery amounted to Euro 2.560 million in addition to financing taxes and customs.

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

Repayment of 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 Cairo Bank. All financial and commercial documents are withheld by the bank to cover loan payments.

	31/12/2022 EGP	31/12/2021 EGP
Non-current portion	8,532,729	16,418,393
Current portion	7,885,664	7,885,664
	<u>16,418,393</u>	<u>24,304,057</u>

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18 CREDIT FACILITIES

On 2 December 2021 Alumil Company for trading and industry had signed credit facility contract with Cairo bank at maximum of EGP 30 million with 8% interest rate according to the CBE initiative and if cancelled the rate will be corridor of CBE for borrowing + 1.25%, the credit facility is under renewal and expected to be from 1/10/2022 till 31/10/2023.

	31/12/2022	31/12/2021
	EGP	EGP
Cairo bank – Credit Facilities	10,423,986	16,044,208

19 SALES

	31/12/2022	31/12/2021
	EGP	EGP
Aluminium Sales	316,813,870	302,083,571
Accessories Sales	104,955,151	78,840,429
Painting Service	922,566	-
	422,691,587	380,924,000
Trade Discount	(3,854,609)	(7,427,909)
Sales returns (Note 13)	18,518	(1,316,362)
	418,855,496	372,179,729

20 FINANCE INCOME

	31/12/2022	31/12/2021
	EGP	EGP
Credit interest	895,925	60,619
Foreign exchange differences (Gain)	-	9,477,554
	895,925	9,538,173

21 FINANCE EXPENSES

	31/12/2022	31/12/2021
	EGP	EGP
Interest on loans and credit facilities	3,631,495	1,197,187
Foreign exchange differences (Loss)	8,267,777	-
Interest Expense – lease liability	641,974	828,507
	12,541,246	2,025,694

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22 SELLING AND MARKETING EXPENSES

	31/12/2022	31/12/2021
	EGP	EGP
Salaries and benefits	3,570,166	2,997,265
Social Contribution - Company share	354,630	272,868
Advertising and marketing activities	5,343,355	2,867,422
Promotional materials	521,689	714,782
Rent	51,152	489,611
Repairs & maintenance	80,336	49,066
Vehicles and transportation rent	274,121	1,318,542
Travel and accommodation	1,776,612	989,434
Health insurance	159,514	124,278
Other expenses	2,816,095	2,867,134
	14,947,670	12,690,402

23 GENERAL AND ADMINISTRATIVE EXPENSES

	31/12/2022	31/12/2021
	EGP	EGP
Salaries and benefits	9,342,963	7,873,689
Social Insurance - Company share	802,016	657,459
Depreciation and Amortization	6,485,350	4,579,925
Insurance	530,216	440,088
Professional fees	2,095,427	832,875
Rent	72,604	90,865
Repairs & maintenance	539,379	404,751
Vehicles and transportation rent	2,174,368	3,951,642
Social Contribution	1,057,730	934,197
Utilities and office expenses	1,712,266	1,036,002
Health insurance	898,839	525,350
Travel and accommodation	517,006	922,775
Other expenses	6,156,667	8,250,886
	32,384,831	30,500,504

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24 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 is 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.

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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, please refer to notes number 7,8 and 10 disclosing financial assets net book value.

Exposure to interest rate risk

Interest rates on long term loans are disclosed in (Note 17) to the financial statements.

	31/12/2022		31/12/2021	
	Change in rate	Effect on profits before tax EGP	Change in rate	Effect on profits before tax EGP
Financial liability	+1%	(104,240)	+1%	(206,691)
	-1%	104,240	-1%	206,691

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.

	31/12/2022		31/12/2021	
	Change in rate	Effect on profits before tax EGP	Change in rate	Effect on profits before tax EGP
USD	+10%	1,433,973	+10%	1,738,633
	-10%	(1,433,973)	-10%	(1,738,633)
EURO	+10%	(20,481,018)	+10%	(11,093,049)
	-10%	20,481,018	-10%	11,093,049

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25 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.

26 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 31 December 2012, and the tax inspection differences were settled.
- No tax inspection took place for the Company's records for the period from 1 January 2013 till 31 December 2022.

b. Salary tax

- The company's records were inspected from the beginning of the activity till 31 December 2013, and the tax inspection differences were settled.
- No tax inspection took place for the Company's records for the period from 1 January 2014 till 31 December 2022.

c. Stamp duty tax

- No tax inspection took place for the Company's records for the period from inception till 31 December 2022.

d. Withholding tax

- The company's records were inspected from the beginning of the activity till 31 December 2019, and the tax inspection differences were settled.
- No tax inspection took place for the Company's records for the period from 1 January 2020 till 31 December 2022.

e. Value added tax

- The company's records were inspected for the period from inception till 31 December 2019, and the tax inspection differences were settled.
- No tax inspection took place for the Company's records for the period from 1 January 2020 till 31 December 2022.

f. Social Insurance

- The Company paid under the account of Social Insurance Authority till 31 December 2022.