EZZ STEEL REPORTS CONSOLIDATED FY 2020 RESULTS

Cairo, 01 April 2021 – Ezz Steel (EGX: ESRS; London Stock Exchange: AEZD), the largest independent producer of steel in the MENA region and market leader in Egypt, today announced its consolidated results for the period ending 31 December 2020. The audited results have been prepared in accordance with Egyptian Accounting Standards.

Key highlights

EGPMn

	FY 2019	FY 2020	YoY %
Net sales	**45,714**	**38,625**	(16)
Gross profit	**(976)**	**1,220**	(225)
EBITDA*	**(1,518)**	**535**	(135)
Net profit after tax and minority interest	**(6,195)**	**(3,119)**	
Earnings per share**	(11.40)	(5.74)	

*EBITDA = sales – cost of goods sold – selling & marketing expense – G&A expense + depreciation and amortisation

**EPS = Net profit after tax & Minority Interest / No. of shares at the end of the period

For further information:

Ezz Steel

Ahmed Nabil	+20 2 27989844	+20 100 177 7703
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About Ezz Steel

Ezz Steel (formerly: Al Ezz Steel Rebars) is the largest independent steel producer in the Middle East and North Africa, and the Egyptian market leader, with a total actual capacity of 7 million tonnes of finished steel per annum.

In 2020, the Company produced 2.3 million tonnes of long products (typically used in construction) and 1.3 million tonnes of flat products (typically used in consumer / industrial goods). Ezz Steel deploys the latest in modern steel-making technology and is committed to further increasing vertical integration across its plants, boosting operational flexibility.

Operational Review

All of the below financial breakdowns are based on Ezz Steel's consolidated financials, which include the consolidated financial performance of EZDK. Following the successful acquisition of EFS/ERM, both are full subsidiaries of EZDK.

Sales & Production

Consolidated net sales for FY 2020 were EGP 38.6 billion, representing a decrease of 16% year on year. Global demand remained low with the continued effects of COVID-19, including a significant drop-in construction activity, contributing to this decrease. Local demand in Egypt was negatively affected due to the suspension of building permits for 6 months from May to November 2020. Compared to FY 2019, Flat sales were down 16% and long sales were down 28% respectively. Prices declined in Egypt and international markets for both long and flat steel on average in FY 2020.

Sales after elimination
EGPMn

	Ezz Steel Standalone	EZDK Consolidated	Ezz Steel Consolidated
Long	6,736	20,588	**27,324**
Flat	-	10,736	**10,736**
Others	-	565	**565**
Total	**6,736**	**31,889**	**38,625**

Long steel products accounted for EGP 27.32 billion, or 71% of sales in FY 2020, while flat steel products represented 28% of sales at EGP 10.74 billion. Long product exports accounted for 8% of total long sales. Flat product exports accounted for 48% of total flat sales.

Sales Value ***EGPMn***	**Domestic**	**%**	**Export**	**%**
Long	25,180	92%	2,144	8%
Flat	5,627	52%	5,109	48%

Long sales volumes were 3.17 million tonnes during FY 2020, 10% lower than the 3.51 million tonnes sold in FY 2019. Over the same period, consolidated flat sales volumes increased by 12% to reach 1.3 million tonnes in FY 2020.

The group's consolidated sales volumes totalled 4.47 million tonnes in FY 2020, a decrease of 4% from the 4.67 million tonnes in FY 2019.

Long steel production volumes totalled 3.13 million tonnes during FY 2020, down 5% compared to FY 2019. Flat steel production volumes however increased by 18% to 1.34 million tonnes for the period, compared to 1.14 million tonnes in the previous year.

Cost of Goods Sold

Consolidated Cost of Goods Sold for FY 2020 represented 96.8% of sales, leading to a gross profit margin of 3.2% in FY 2020. High iron ore price compared to decreased product prices, lower global demand, high utilities cost, and lack of sufficient local market protection, especially in flat steel, continued to be factors that had a significant impact on gross profit.

Ezz Steel Standalone reported a COGS/Sales ratio of 93% for FY 2020, compared to 99% in FY 2019. At EZDK Consolidated the COGS/Sales ratio stood at 98%.

EGPMn	**ESR Standalone**	**EZDK Consolidated**	**Ezz Steel Consolidated**
Sales	6,736	31,889	38,625
COGS	6,283	31,122	37,405
COGS/Sales	**93%**	**98%**	**96.8%**

Gross profit

Gross profit of 1.22 billion was recorded for FY 2020 for Ezz Steel consolidated, compared to a gross loss of 980 million in FY 2019 (-225%).

EBITDA

Ezz Steel consolidated EBITDA for FY 2020 amounted to EGP 535.3 million, compared to an EBITDA loss of EGP 1.5 billion in FY 2019.

Tax

During FY 2019, Ezz Steel had deferred taxes in the amount of EGP 314 million and income tax of EGP 35.5 million.

Net result after tax and minority interests

Net result after tax and minority interests recorded a loss of EGP 3.1 billion for FY 2020, compared to a loss of EGP 6.2 billion during the same period in 2019.

Liquidity and capital resources

At the end of the period, Ezz Steel had cash on hand of EGP 2.22 billion and net debt of EGP 32.4 billion.

Divisional Overview

EZDK Standalone Sales (EGP):		**FY 2019**	**FY 2020**
Value:	Mn	34,955	34,409
Volume:			
Long:	000 Tonnes	2,519	2,126
Flat:	000 Tonnes	1,102	1,030
Exports as % of Sales:			
Long:		10%	13%
Flat:		49%	43%
EBITDA:	Mn	(206)	1,356
Production:			
Long Products:	000 Tonnes	1,778	1,590
Flat Products:	000 Tonnes	1,098	1,039
Billets:	000 Tonnes	2,047	1,687
Ezz Steel Standalone Sales (EGP):			
Value:	Mn	7,291	6,835
Volume:	000 Tonnes	726	777
Exports as % of Sales:			
EBITDA:	Mn	(310)	91
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Long Products:	000 Tonnes	689	767
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EZDK Consolidated* Sales (EGP):			
Value:	Mn	38,564	31,889
Volume:			
Long:	000 Tonnes	2,786	2,409
Flat:	000 Tonnes	1,162	1,297
Exports as % of Sales:			
Long:		6%	11%
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Long Products:	000 Tonnes	2,615	2,358
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Billets:	000 Tonnes	2,797	2,393

*Figures include ERM

Disclaimer:

This press release is issued by Ezz Steel (formerly: Al Ezz Steel Rebars S.A.E.) the "Company", in connection with the disclosure of the Company's financial results for the year ending 31 December 2020. This press release includes forward-looking statements. These forward-looking statements include all matters that are not historical facts. In particular, the statements regarding the Company's strategy, the expected strength of demand for long and flat products in Egypt and in regional and international markets, and other future events or prospects are forward looking statements. Recipients of this document should not place undue reliance on forward looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the control of the Company. By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and the Company's actual results of operations, financial condition and liquidity, and the development of the industry in which the Company operates may differ materially from those expressed in or implied by the forward-looking statements contained in this document. The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue. Various factors could cause actual results to differ materially from those expressed or implied by the forward-looking statements in this document including worldwide economic trends, global and regional trends in the steel industry, the economic and political climate of Egypt and the Middle East, changes in the business strategy of the Company, and various other factors. These forward-looking statements reflect the Company's judgment at the date of this document and are not intended to give any assurances as to future results. The Company undertakes no obligation to update these forward-looking statements, and it will not publicly release any revisions it may make to these forward-looking statements that may result from events or circumstances arising after the date of this document. None of Ezz Steel, any of its directors, officers or employees or any other person can give any assurance regarding the future accuracy of the information set forth herein or as to the actual occurrence of any predicted developments. Furthermore, no such parties shall assume, and each of them expressly disclaims, any obligation (except as required by law or the rules of the ESE, the LSE or the FCA) to update any forward-looking statements or to conform these forward-looking statements to Ezz Steel's actual results.

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Translation from Arabic

Ezz Steel Company
(An Egyptian Joint Stock Company)

Separate Financial Statements
For The Financial Year Ended December 31, 2020
And Auditor's Report

KPMG Hazem Hassan
Public Accountants & Consultants
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Km 28 Cairo / Alex Road - Giza
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Moore Egypt
Public Accountants & Consultants
5 Al Ahram St. - Roxy – Heliopolis
Cairo – Egypt

Translation from Arabic

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Separate Financial Statements
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KPMG Hazem Hassan
Public Accountants & Consultants

Moore Egypt
Public Accountants & Consultants

AUDITORS' REPORT

To the Shareholders of Ezz Steel Company

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Ezz Steel Company "An Egyptian Joint Stock Company" which comprise the separate statement of financial position as at December 31, 2020, and the related separate statements of income, comprehensive income, changes in equity and cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

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

Auditor's Responsibility

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

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

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

Translation from Arabic

KPMG Hazem Hassan	**Moore Egypt**
Public Accountants & Consultants	**Public Accountants & Consultants**

Opinion

In our opinion, the separate financial statements referred to above present fairly, in all material respects, the financial position of Ezz Steel Company as of December 31, 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with the Egyptian Accounting Standards and the Egyptian laws and regulations relating to the preparation of these separate financial statements.

Emphasis of matter

Without qualifying our opinion mentioned above, as explained in note no. (34) of the notes to the separate financial statements, During the first quarter of the year 2020 most of the world countries, including Egypt were exposed to the novel of coronavirus (Covid-19) pandemic which its impact still exists up to date and caused disturbances in the majority of commercial and economic activities in general. So, it is possible to have a material impact on the elements of assets, liabilities and its recoverable value thereof, and the results of operations in the company's separate financial statements for the current year and subsequent periods, in addition to the potential impact on the provision of raw materials, supplies necessary for production and operation, the demand on the company's products, and the available liquidity. According to the mentioned above note, the company's management is currently managing the risk of this impact on its current separate financial statements and confirms that the values of assets and liabilities stated in the separate financial statements have been determined based on the best estimate of the most recent data available to them. However, due to instability and uncertainty as a result of current events, the magnitude of the impact of that event depends mainly on the expected time frame, in which these events and their consequences, are expected to be ended, which is difficult to determine in the meantime.

Report on Other Legal and Regulatory Requirements

The company maintains financial accounting records, which includes all that is required by law and the company's statutes, and the separate financial statements are in agreement with these records.

The company applies costing system that satisfies the purpose thereof and inventory count was performed by management in accordance with methods in practice.

The financial information included in the Board of Directors' report, prepared in accordance with Law No. 159 of 1981 and its executive regulations, is in agreement with the Company's books of account.

Moore Egypt	**KPMG Hazem Hassan**
Public Accountants & Consultants	**Public Accountants & Consultants**

Cairo, April 1, 2021

KPMG Hazem Hassan
Public Accountants and Consultants
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Translation from Arabic

Ezz Steel Company

(An Egyptian Joint Stock Company)

Separate Statement of Financial Position as of :

	Note No.	31/12/2020 LE	31/12/2019 Restated LE
Assets			
Non-current Assets			
Fixed assets	(12-1)	550 624 099	575 418 031
Projects under construction	(13)	408 639	3 120 202
Investments in subsidiaries	(14-1)	11 124 493 472	4 998 875 164
Retained under the account of purchase of investments in subsidiaries	(14-1)	-	6 125 317 455
Due from related parties	(14-1)	1 684 675 536	1 684 675 536
Other investments	(14-2)	80 100	80 100
Deferred tax assets	(29-1)	173 304 174	66 430 568
Total non-current assets		**13 533 586 020**	**13 453 917 056**
Current Assets			
Inventories	(16)	778 552 230	790 237 688
Trade receivables	(17)	223 801 748	183 472 593
Debtors and other debit balances	(18)	297 855 815	495 116 964
Suppliers - advance payments	(19)	163 988 192	118 870 604
Cash and cash equivalents	(20)	489 047 964	255 541 902
Total current assets		**1 953 245 949**	**1 843 239 751**
Total assets		**15 486 831 969**	**15 297 156 807**
Shareholders' Equity			
Issued and paid - up capital	(21-2)	2 716 325 135	2 716 325 135
Reserves	(22)	2 855 380 202	2 855 380 202
Modification surplus of fixed assets	(12-4)	30 778 220	34 885 017
Retained earnings		483 430 984	1 042 994 319
Total shareholders' equity		**6 085 914 541**	**6 649 584 673**
Liabilities			
Non-current Liabilities			
Long term loans	(28)	862 151 645	476 205 357
Notes payable	(24)	311 513 502	-
Finance lease liabilities	(15)	365 994 391	362 779 487
Deferred tax liabilities	(29-1)	74 854 838	93 204 922
Total non-current liabilities		**1 614 514 376**	**932 189 766**
Current Liabilities			
Banks-overdraft	(20)	2 543 424	2 284 022
Banks credit facilities	(23)	4 103 631 657	4 474 705 349
Long term loans installments due within one year	(28)	93 354 209	325 000 000
Finance lease liability due within one year	(15)	64 566 316	43 879 729
Trade and notes payable	(24)	2 387 975 196	1 737 706 261
Customers - advance payments		23 139 656	41 431 678
Tax authority - Income tax		-	189 257 865
Creditors and other credit balances	(25)	1 023 407 842	896 117 464
Provisions	(26-1)	87 784 752	5 000 000
Total current liabilities		**7 786 403 052**	**7 715 382 368**
Total liabilities		**9 400 917 428**	**8 647 572 134**
Total shareholders' equity and liabilities		**15 486 831 969**	**15 297 156 807**

The accompanying notes from no. (1) to no. (37) form an integral part of these separate financial statements.

Managing Director
Mr. Hassan Ahmed Nouh

Chairman
Acc./ Mamdouh Fakhr El Dien Hussein El Rouby

Auditor's report attached

ezzsteel
حديد عز
شركة حديد عز ش.م.م
EZZ STEEL CO. S.A.E.
القطاع المالى
FINANCIAL DIVISION
F1

Ezz Steel Company

(An Egyptian Joint Stock Company)

Separate Statement of Income

For The Financial Year Ended 31 December:

	Note No.	2020 LE	2019 LE
Sales (net)	(3)	6 834 721 928	7 290 994 802
(Less) :			
Cost of sales	(4)	(6 381 470 486)	(7 196 138 317)
Gross profit		**453 251 442**	**94 856 485**
Add / (Less):			
Other operating revenues	(5)	54 299 817	55 503 259
Selling and marketing expenses	(6)	(36 154 889)	(65 582 741)
Administrative and general expenses	(7)	(405 872 736)	(387 897 957)
Other operating expenses	(8)	(91 631 061)	(11 158 812)
Net income (loss) from operating activities		**(26 107 427)**	**(314 279 766)**
Add / (Less):			
Finance income	(9)	12 371 860	29 395 044
Finance cost	(9)	(687 694 423)	(1 059 226 107)
Foreign exchange gains	(9)	12 536 168	91 183 800
Net finance cost		**(662 786 395)**	**(938 647 263)**
Gain on sale of investments in subsidiaries		-	**3 869 483 668**
Dividends from Ezz El Dekhaila for Steel –Alexandria		-	**145 903 160**
Net (loss) profit for the year before income tax		**(688 893 822)**	**2 762 459 799**
Less:			
Income tax		-	(196 553 023)
Deferred tax	(29-1)	125 223 690	(79 553 494)
Total income tax		**125 223 690**	**(276 106 517)**
Net (loss) profit for the year		**(563 670 132)**	**2 486 353 282**
Basic and diluted (losses) earnings per share (LE/share) for the year	(10)	**(1.04)**	**4.58**

The accompanying notes from no. (1) to no. (37) form an integral part of these separate financial statements.

Ezz Steel Company

(An Egyptian Joint Stock Company)

Separate Statement of Comprehensive Income

For The Financial Year Ended 31 December:

	Note No.	2020 LE	2019 LE
Net (loss) profit for the year		**(563 670 132)**	**2 486 353 282**
(Less):			
Other comprehensive income items			
Realized portion of modification surplus of fixed assets (transferred to retained earnings during the year)	(12-4)	(4 106 797)	(4 665 669)
Total comprehensive income		**(567 776 929)**	**2 481 687 613**

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Ezz Steel Company

(An Egyptian Joint Stock Company)

Separate Statement of Changes In Equity

For The Financial Year Ended December 31, 2020

	Paid up capital LE	Reserves LE	Retained (losses) / earnings LE	Modification surplus of fixed assets LE	Total LE
Balance as of January 1, 2019 - Restated	**2 716 325 135**	**2 855 380 202**	**(1 448 024 632)**	**39 550 686**	**4 163 231 391**
Comprehensive income					
Net profit for the year	—	—	2 486 353 282	—	2 486 353 282
Realized portion of modification surplus of fixed assets (transferred to retained earnings during the year)	—	—	—	(4 665 669)	(4 665 669)
Total comprehensive income	—	—	**2 486 353 282**	**(4 665 669)**	**2 481 687 613**
Realized portion of modification surplus of fixed assets (transferred to retained earnings during the year)	—	—	**4 665 669**	—	**4 665 669**
Total transactions with shareholders	—	—	—	—	—
Balance as of December 31, 2019 - Restated	**2 716 325 135**	**2 855 380 202**	**1 042 994 319**	**34 885 017**	**6 649 584 673**
Balance as of January 1, 2020 - Restated	**2 716 325 135**	**2 855 380 202**	**1 042 994 319**	**34 885 017**	**6 649 584 673**
Comprehensive income					
Net loss for the year	—	—	(563 670 132)	—	(563 670 132)
Realized portion of modification surplus of fixed assets (transferred to retained earnings during the year)	—	—	—	(4 106 797)	(4 106 797)
Total comprehensive income	—	—	**(563 670 132)**	**(4 106 797)**	**(567 776 929)**
Realized portion of modification surplus of fixed assets (transferred to retained earnings during the year)	—	—	**4 106 797**	—	**4 106 797**
Total transactions with shareholders	—	—	—	—	—
Balance as of December 31, 2020	**2 716 325 135**	**2 855 380 202**	**483 430 984**	**30 778 220**	**6 085 914 541**

The accompanying notes from no. (1) to no. (37) form an integral part of these separate financial statements.

Translation from Arabic

Ezz Steel Company

(An Egyptian Joint Stock Company)

Separate Statement of Cash Flows

For The Financial Year Ended 31 December:

	Note No.	2020 LE	2019 Restated LE
Cash Flows From Operating Activities			
Net (loss) profit for the year before income tax		(688 893 822)	2 762 459 799
Adjustments:			
Fixed assets depreciation	(12-1)	47 874 643	48 647 303
Interest & finance expenses	(9)	687 694 423	1 059 226 107
Impairment loss on assets	(8)	2 286 666	-
Provisions	(8)	82 784 752	-
Dividends from subsidiaries		-	(145 903 160)
Gains from foreign currencies translation		(9 937 224)	(90 854 858)
Gains from sale of investments in subsidaries		-	(3 894 578 993)
		121 809 438	**(261 003 802)**
Changes in:			
Inventories		11 685 458	680 509 526
Trade receivables		(200 605 965)	173 714 985
Suppliers - advance payments		(45 117 588)	(59 697 508)
Debtors and other debit balances		45 244 447	(45 939 372)
Trade and notes payable		958 616 702	464 945 112
Customers - advance payments		(68 331 778)	(540 183 461)
Creditors and other credit balances		385 385 581	310 312 147
Net cash provided by operating activities		**1 208 686 295**	**722 657 627**
Finance interest paid		(515 663 370)	(1 067 686 431)
Income tax paid		(39 211 267)	(21 885 474)
Net cash flows provided by (used in) operating activities		**653 811 658**	**(366 914 278)**
Cash Flows from Investing Activities			
Payments for purchase of fixed assets & projects under construction		(23 132 952)	(34 309 701)
Payments for purchase of investments in subsidiaries		(300 000)	(194 197)
Proceeds from dividends from subsidiaries		-	437 709 480
Net cash flows (used in) provided by investing activities		**(23 432 952)**	**403 205 582**
Cash Flows from Financing Activities			
Payments for Long term loans		-	(300 000 000)
Payments for finance lease contracts		(39 161 317)	(32 843 260)
(Payments) / Proceeds from banks credit facilities		(357 240 102)	321 783 105
Net cash flows used in financing activities		**(396 401 419)**	**(11 060 155)**
Change in cash and cash equivalents during the year		**233 977 287**	**25 231 149**
Cash and cash equivalents at the beginning of the year	(20)	**252 527 253**	**227 296 104**
Cash and cash equivalents at the end of the year	(20)	**486 504 540**	**252 527 253**

The accompanying notes from no. (1) to no. (37) form an integral part of these separate financial statements.

Ezz Steel Company
(An Egyptian Joint Stock Company)

Notes to the Separate Financial Statements
For The Financial Year Ended December 31, 2020

1. BACKGROUND

- Al Ezz Steel Rebars Company, an Egyptian Joint Stock Company, was established under the provisions of Law No. 159 of 1981, and was registered in the Commercial Registry in Menofia Governorate, under No. 472 on 2 April 1994. The preliminary establishment contract and the Company's was published in the Companies' Gazette, issue No. 231 on April 1994. The Company is located in Sadat City.
- The term of the company is 25 years from the date of registration of the company in the commercial register. On 24 October 2018, the Company's Extraordinary General Assembly decided to extend the company's term for another 25 years starting from 2 April 2019. The commercial register has been modified on 12 December 2018.
- The Extra-ordinary General Assembly in its meeting dated 3 October 2009 approved to change the Company's name to "Ezz Steel", this amendment was registered in the Commercial Register on 1 November 2009.
- The Company is established for the purpose of manufacturing, trading, distributing building materials, manufacturing all kind of steel, manufacturing ceramics, sanitary ware, pipes, water mixers and taps, as well as performing related contracting works and all necessary services as preparation and transportation for the Company and for others. The Company also engages in the importation of raw material, machinery & equipment, spare parts, which are required for the Company's purpose. Moreover, the Company can perform importing, exporting and commercial Agency activities within the scope of its purpose.
- The Company is located in 35 Lebanon street– El Mohandseen – Cairo – Arab Republic of Egypt.
- The nominal shares of the company are being traded in the Egyptian stock exchange and London stock exchange.

1.2 Issuance of the separate financial statements

- These separate financial statements were approved by the company's Board of Directors for issuance on April 1, 2021.

2. BASIS OF PREPARATION OF THE SEPARATE FINANCIAL STATEMENTS

2.1 *Statement of compliance*

- The separate financial statements have been prepared in accordance with the Egyptian Accounting Standards, and in the light of the provisions of applicable Egyptian laws and regulations related to.

2.2 *Basis of measurement*

- These separate financial statements are prepared based on the historical cost basis, except for assets and liabilities which are measured at fair value.

During 2016, the Company's management adopted the special accounting treatment stated in annex (A) of the modified Egyptian Accounting Standard no. (13) as amended in 2015 "The Effects of Changes in Foreign Exchange Rates", the cost and accumulated depreciation of some fixed assets categories are modified using modification factors which are stated in the above- mentioned annex, as described in details in note no. (36-2).

2.3 *Functional and presentation currency*

These separate financial statements are presented in Egyptian pound (LE), which is the Company's functional currency.

2.4 *Use of estimates and judgments*

The preparation of the separate financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future periods if the revision affects both current year and future periods. The following are the explanatory and main items and notes used in these estimates and personal judgments:-

- Operational useful life of fixed assets.
- Impairment loss on assets.
- Provisions and contingent liabilities.
- Recognition of deferred tax assets.

2.5 *Fair value measurement*

The fair value of financial instruments is determined based on the market value of financial instruments or similar financial instruments at the date of the financial position without deducting any estimated future costs of sale. Financial assets values are determined at current prices for the purchase of those assets, while determining the value of financial liabilities at the current prices, which would settle those commitments.

In the absence of an active market to determine the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into account recent transactions prices, guided by the current fair value of other substantially similar instruments - discounted cash flow method - or any other methods to produce reliable results.

When using the discounted cash flow method as a method of evaluation, future cash flows are estimated based on the best estimate of the management. Discount rate used is determined in the light of the prevailing market price at the date of the financial position for financial instruments similar in nature and terms.

3. SALES (NET)

	2020	2019
	LE	LE
Local sales - rebars	6 832 199 564	7 150 091 247
Local sales - other	2 522 364	140 903 555
	6 834 721 928	**7 290 994 802**

4. COST OF SALES

	Note No.	2020 LE	2019 LE
Raw Materials		4 752 406 018	5 153 259 156
Salaries & Wages		358 564 333	363 227 821
Fixed assets depreciation	(12-1)	36 700 327	35 678 820
Manufacturing overhead		1 163 077 297	1 249 094 481
Operating cost		**6 310 747 975**	**6 801 260 278**
Change in inventory – finished product and work in process		70 722 511	394 878 039
		6 381 470 486	**7 196 138 317**

5. OTHER OPERATING REVENUES

	2020 LE	2019 LE
Scrap sales revenue	12 658 617	11 812 269
Rent income	41 635 200	41 635 200
Other revenue	6 000	2 055 790
	54 299 817	**55 503 259**

6. SELLING & MARKETING EXPENSES

	Note No.	2020 LE	2019 LE
Salaries & Wages		4 930 886	24 368 629
Advertising expenses		16 988 540	27 547 365
Fixed assets depreciation	(12-1)	152 225	129 483
Rent		1 252 253	1 828 945
Other expenses		12 830 985	11 708 319
		36 154 889	**65 582 741**

7. ADMINISTRATIVE & GENERAL EXPENSES

	Note No.	2020 LE	2019 LE
Salaries & Wages		258 314 785	222 835 126
Maintenance		1 950 875	3 589 621
Fixed assets depreciation	(12-1)	11 022 091	12 839 000
Rent		12 333 954	12 366 206
Other expenses		122 251 031	136 268 004
		405 872 736	**387 897 957**

8. OTHER OPERATING EXPENSES

	Note No.	2020 LE	2019 LE
Provisions	(26-1)	82 784 752	–
Donations		6 559 643	5 109 841
Impairment loss on assets	(26-2)	2 286 666	-
Other expenses		–	6 048 971
		91 631 061	**11 158 812**

9. FINANCE INCOME (COST)

	2020 LE	2019 LE
Finance income	12 371 860	29 395 044
Interest & finance expenses	(687 694 423)	(1 059 226 107)
Gains of translation of foreign currencies transaction and balances	12 536 168	91 183 800
Net finance cost	**(662 786 395)**	**(938 647 263)**

10. BASIC AND DILUTED (LOSSES) EARNINGS PER SHARE FOR THE YEAR

	2020	2019
Net (loss) profit for the year (L.E)	**(563 670 132)**	**2 486 353 282**
Average of outstanding shares during the year (share)	543 265 027	543 265 027
Basic and diluted net (loss) profit per share (LE/share)	**(1.04)**	**4.58**

11. EMPLOYEE BENEFITS

- The employees are granted an end of service benefits through insurance and provident fund for the employees of Al Ezz Industrial Group registered on 22/2/2000, that according to conditions and determinants included in the fund regulation. The company's contribution to the fund is represented in defined contribution where the company pays all the saving and insurance subscriptions according to the conditions and the percentage mentioned in the fund regulations and this is based on the subscription fees that is determined using the monthly basic salary at 1/1/2000 in addition to the annual salary increase.

- The value of the of the subscriptions incurred by the company for the financial year ended December 31, 2020 amounted to L.E 19 730 716. has been included in salaries and wages in the statement of income (against 24 312 079 L.E. for year 2019).

12- Fixed assets

12-1 The following is the movement of fixed assets during the current year and comparative year

Description	Land	Buildings	Machinery & equipment	Vehicles	Furniture & Office equipment	Tools & supplies	Lease hold Improvements	Total
	LE	LE	LE	LE	LE	LE	LE	LE
Cost:								
As of January 1, 2019	92 046 488	331 894 496	1 916 695 217	5 959 343	95 187 220	7 059 176	2 286 749	2 451 128 689
Additions during the year	—	5 383 756	25 125 061	3 100	6 349 678	223 586	—	37 085 181
Disposals during the year	—	—	(9 733 505)	—	(120 000)	—	—	(9 853 505)
As of December 31, 2019	92 046 488	337 278 252	1 932 086 773	5 962 443	101 416 898	7 282 762	2 286 749	2 478 360 365
As of January 1, 2020	92 046 488	337 278 252	1 932 086 773	5 962 443	101 416 898	7 282 762	2 286 749	2 478 360 365
Additions during the year	—	2 097 737	18 390 315	121 200	2 068 779	402 680	—	23 080 711
Disposals during the year	—	—	(6 934 343)	—	—	—	—	(6 934 343)
As of December 31, 2020	92 046 488	339 375 989	1 943 542 745	6 083 643	103 485 677	7 685 442	2 286 749	2 494 506 733
Accumulated depreciation:								
As of January 1, 2019	—	101 026 836	1 695 829 924	5 549 039	54 360 704	5 095 284	2 286 749	1 864 148 536
Depreciation for the year	—	10 417 435	26 945 974	173 260	10 532 770	577 864	—	48 647 303
Accumulated depreciation of disposals	—	—	(9 733 505)	—	(120 000)	—	—	(9 853 505)
As of December 31, 2019	—	111 444 271	1 713 042 393	5 722 299	64 773 474	5 673 148	2 286 749	1 902 942 334
As of January 1, 2020	—	111 444 271	1 713 042 393	5 722 299	64 773 474	5 673 148	2 286 749	1 902 942 334
Depreciation for the year	—	10 755 509	27 394 964	145 306	8 969 891	608 973	—	47 874 643
Accumulated depreciation of disposals	—	—	(6 934 343)	—	—	—	—	(6 934 343)
As of December 31, 2020	—	122 199 780	1 733 503 014	5 867 605	73 743 365	6 282 121	2 286 749	1 943 882 634
Net carrying amounts:								
As of December 31, 2019	92 046 488	225 833 981	219 044 380	240 144	36 643 424	1 609 614	—	575 418 031
As of December 31, 2020	92 046 488	217 176 209	210 039 731	216 038	29 742 312	1 403 321	—	550 624 099
Fully depreciated as of December 31, 2020	—	3 137 176	1 600 697 040	5 439 106	44 442 456	4 537 754	2 286 749	1 660 540 281

- Depreciation for the year is charged to the statement of income as follows :

	Note No.	For the financial year ended 31 December: 2020	2019
		LE	LE
Cost of sales	(4)	36 700 327	35 678 820
Selling and marketing expenses	(6)	152 225	129 483
Administrative and general expenses	(7)	11 022 091	12 839 000
		47 874 643	48 647 303

12-2 Leased Fixed Assets:

Fixed assets as of December 31, 2020 including leased assets as follow:

	Cost at 31/12/2020	Accumulated depreciation at 31/12/2020	Net at 31/12/2020	Net at 31/12/2019
	L.E	L.E	L.E	LE
Lands *	70 000 000	–	70 000 000	70 000 000
Buildings **	145 000 000	16 916 667	128 083 333	131 708 333
	215 000 000	**16 916 667**	**198 083 333**	**201 708 333**

* During 2018, the company signed a contract of sale and lease back for 7 years ending 2025 for a plot of land owned by the company, Land cost amounted to L.E. 70 Million as shown in note no. (15), the company issued an official power of attorney cannot be canceled or revoked in favor of HD Lease in the signing of the initial and final purchase and sale contracts and the final transfer of ownership to it or to other in front of the Real Estate Authority for the above-mentioned plot of land.

** During 2016, the company concluded finance lease contracts for two floors in Nile Plaza building for 8 years ending 2024 as shown in note no. (15).

12-3 The following is the cost and accumulated depreciation of fixed assets after excluding the effect of adopting the special accounting treatment to deal with the effects of floating foreign exchange rate on November 3, 2016 (Note no. 36-2):

	31/12/2020	31/12/2019
	LE	LE
Cost at the end of the year	1 815 069 339	1 798 922 971
Accumulated depreciation at the end of the year	(1 304 165 091)	(1 268 523 884)
Net at the end of the year	**510 904 248**	**530 399 087**

12-4 The following is the movement of modification surplus of fixed assets during the year which results from the adopting of the special accounting treatment mentioned in the Note no. (36-2):

	LE
Modification surplus of fixed assets at floating foreign exchange rate date	123 972 704
Income tax	(27 893 858)
Net modification surplus of fixed assets after income tax	**96 078 846**
Realized portion until December 31, 2019	(61 193 829)
Net modification surplus of fixed assets as at December 31, 2019	**34 885 017**
Realized portion of modification surplus of fixed assets during the year ended December 31, 2020	(4 106 797)
Net modification surplus of fixed assets as at December 31, 2020	**30 778 220**

13. PROJECTS UNDER CONSTRUCTION

	31/12/2020	31/12/2019
	LE	LE
Advance payments for purchasing Machinery	408 639	3 120 202
	408 639	**3 120 202**

14. INVESTMENTS

14-1 Investments in subsidiaries

	Participation %	Currency	Number of Shares	Investments Cost at: 31/12/2020 LE	31/12/2019 LE
– Ezz El Dekhaila for Steel – Alexandria	64.063	Egyptian pound	12 500 000	11 124 097 934	4 998 779 626
– Ezz Rolling Mills Company	0.001	Egyptian pound	988	9 942	9 942
– Ezz Flat Steel Company	0.001	US Dollar	1 000	85 596	85 596
– Ezz for medical industries*	30	Egyptian pound	30 000	300 000	–
				11 124 493 472	4 998 875 164

* The value of investment in Ezz for medical industries represent in payment of 10% of the par value , and whereas Ezz El Dekhaila for Steel – Alexandria (subsidiary company) it's share in the mentioned company is 30% so the percentage of the company's direct and indirect contribution becomes 49.21% ,consequently Ezz El Dekhaila for Steel will control all operational and financial policies for that company, therefore the investment was classified as a subsidiary company.

Details of the subsidiaries restructuring plan:

- On 4 August 2019, the Board of Directors of Ezz El Dekheila for Steel - Alexandria (subsidiary company) approved the acquisition of 42 Million shares of Ezz Flat Steel Company (subsidiary company) by 56% to complement 100%, this is after the elimination of the current share of Ezz El Dekheila for Steel - Alexandria by 44%, and 89.8 Million shares represent 100% of the shares of Ezz Rolling Mills Company (subsidiary company) based on the fair value of the shares.

  As the Board of Directors of the said company approved the study of the independent financial advisor for the fair value amounted to L.E 1 176.85 per share, the fair value of Ezz Flat Steel Company amounted to USD 10.09 per share and the fair value of Ezz Rolling Mills Company amounted to L.E 23.07 per share.

  As it also approved the increase of the authorized capital of Ezz El Dekheila for Steel - Alexandria by an amount of L.E 1.5 Billion to be L.E 4 Billion, as well as increase the issued capital by 13 Million shares at fair value amounted to 1 176.85 per share with a par value of L.E 100 per share in addition to L.E 1 076.85 as an issuance premium per share, as well as an invitation to the current shareholders to subscribe in 12 175 202 share of the increased shares each for its contribution in capital either by cash or by credit balances resulted from the acquisition of Ezz El Dekheila for Steel on their shares in both Ezz Flat Steel Company & Ezz Rolling Mills Company, and allocating the remaining of the increased shares amounted to 824 798 shares to the remaining shareholders of both Ezz Flat Steel Company and Ezz Rolling Mills Company against their credit balances resulted from the acquisition.
- On 22 September 2019, the Extraordinary General Assembly of Ezz El Dekheila for Steel - Alexandria approved the transactions mentioned above.
- On 3 October 2019, the Board of Directors of Ezz Steel company approved that Ezz El Dekheila for Steel - Alexandria company will acquire all the owned shares by Ezz Steel company in each of Ezz Flat Steel Company and Ezz Rolling Mills Company, which is in accordance with the above-mentioned acquisition process.
- During the fourth quarter of 2019, the ownership of 88 921 050 shares and 35 289 000 shares of Ezz Rolling Mills Company and Ezz Flat Steel Company respectively with total value of LE 7 809 992 991 -calculated at the above shares prices- transferred to Ezz El Dekhaila for Steel–Alexandria , the shares value was stated in the non-current assets as "paid for purchase of investments in subsidiaries" until the completion of the procedures to increase the capital of Ezz El Dekhaila for Steel –Alexandria as an implementation of the above-mentioned acquisition, the company gained profit from transaction amounted to L.E 3 894 578 993.
- During May 2020, the legal procedures of capital increase of Ezz El Dekhaila for steel - Alexandria is completed and registered by these in the commercial register of the company on 17 May 2020 and the company obtained 5 204 842 shares from the increased shares at L.E 6 125 318 308 which are calculated on the base of above mentioned share price by using portion of the balance of paid for purchase of investment in subsidiaries accordingly the contribution percentage of Ezz Steel company in Ezz El Dekhaila for Steel – Alexandria at this date is 64.063%. The remaining balance was recognized in due from related parties which is included in non- current assets by an amount of L.E 1 684 675 536.

- The following is a statement of the company's direct and indirect contribution percentage in subsidiaries, the indirect contribution through Ezz El Dekhaila for Steel – Alexandria (subsidiary company):

	31/12/2020 Participation		31/12/2019 Participation	
- Ezz Rolling Mills Company	64.06%	(Direct and Indirect)	54.58 %	(Direct and Indirect)
- Ezz Flat Steel Company	64.06%	(Direct and Indirect)	54.59 %	(Direct and indirect)

14-2 Other investments

	Currency	Number of Shares	Investments Cost 31/12/2020 LE	Investments Cost 31/12/2019 LE
– Egyptian Company for Security and Cleaning Services (affiliate company)	Egyptian pound	801	80 100	80 100
			80 100	**80 100**

15. FINANCE LEASE LIABILITY

	Future lease payments 31/12/2020 L.E	Future lease payments 31/12/2019 L.E	Interest 31/12/2020 L.E	Interest 31/12/2019 L.E	Present value of lease payments 31/12/2020 L.E	Present value of lease payments 31/12/2019 L.E
Due within one year	115 346 832	124 170 085	50 780 516	80 290 356	64 566 316	43 879 729
Due within one year	**115 346 832**	**124 170 085**	**50 780 516**	**80 290 356**	**64 566 316**	**43 879 729**
Due from 1:2 years	115 346 832	124 479 532	42 025 604	70 674 368	73 321 228	53 805 164
Due from 3:5 years	305 926 414	354 074 022	62 855 768	131 679 145	243 070 646	222 394 877
Due more than 5 years	52 630 988	101 028 521	3 028 471	14 449 075	49 602 517	86 579 446
Long term liabilities	**473 904 234**	**579 582 075**	**107 909 843**	**216 802 588**	**365 994 391**	**362 779 487**
Total	**589 251 066**	**703 752 160**	**158 690 359**	**297 092 944**	**430 560 707**	**406 659 216**

- The company signed finance lease contracts (No.4537 & 4538) with Corp-lease (Leasing Company) as at 27 June 2016 to lease 2 floors in Nile Plaza Building for Eight years ending June 2024, the contracts provide the right to the company to own those assets at a predetermined value at the end of the contract period. On 18 July 2017, the company signed appendixes to these contracts to finance fixtures and finishes for one of the leased floors and adding it to the leased asset and amending the lease contract, for Eight years ending July 2025. On 20 September 2018, the company signed an appendix to these contracts to increase the finance related to the leased asset in a form of revaluation of that asset and modify the capital lease contracts, the repayment of the extra finance will be on 32 quarterly equally installment starts from 20 December 2018 till 20 September 2026, The cost of acquiring these two floors has been included in the buildings item in the fixed assets of the company in accordance with the Egyptian Accounting Standard No. (49) Leasing contracts
- On 13 November 2016, the company signed a finance lease contract (Contract no.4675) with Corplease (Leasing Company) to finance the fixtures and finishes for the floors that have been leased in Nile Plaza building for the period of Eight years ending November 2024.
- During December 2018, the company signed contracts of sale and lease back (Contract no.1) with HD company For Capital Lease for a piece of land of the lands owned by the company, and as per the contracts with the mentioned company, the lease is for 7 years ending 25 December 2025, and the contract gives the company the right to own the mentioned land at the end of the contract's period at predetermined amount in the contract. It has been determined that the above-mentioned contracts is not representing the sale of the plot of land. Accordingly, the plot of land has been re-recognized in the fixed assets and recognized a financial liability equal to the proceeds of transfer, that is in accordance with Egyptian accounting standard (49) Lease Contracts.
- During October 2020, an appendix has been concluded for the finance lease contracts mentioned above and that was based on the decrees taken by the Central Bank of Egypt as of March 16, 2020 as some installments were postponed for 6 months in addition to decreasing interest rates, where quarterly post-paid checks has been issued till March 2027 after recalculating deferred interests based on the new interest rates. As the payment period has been extended for 6 months for all contracts, accordingly the balance of the interest related to the finance lease contracts has been decreased with an amount of L.E 63 062 808, this transaction was eliminated when preparing the separate statement of cash flows.

16. INVENTORIES

	31/12/2020 LE	31/12/2019 LE
Raw materials	212 916 321	260 723 906
Work in process	7 900 336	7 621 545
Finished products	67 643 362	138 644 664
Spare parts	214 436 049	189 552 879
Goods in transit	275 656 162	193 694 694
	778 552 230	**790 237 688**

17. TRADE RECEIVABLES

	Note No.	31/12/2020 LE	31/12/2019 LE
Trade receivables		242 097 002	202 586 327
Trade receivables - related parties	(27-1)	5 059 643	3 924 601
		247 156 645	**206 510 928**
Less:			
Impairment loss on trade receivables	(26-2)	23 354 897	23 038 335
		223 801 748	**183 472 593**

18. DEBTORS AND OTHER DEBIT BALANCES

	Note No.	31/12/2020 LE	31/12/2019 Restated LE
Tax Authority – withholding tax *		29 840 718	150 046 598
Tax Authority – VAT		62 370 067	147 267 557
Prepaid expenses		8 071 602	7 691 058
Deposits with others		112 829 412	109 102 587
Letters of guarantee cash margin	(31-1)	135 000	135 000
Letters of credit cash deposits		4 491 405	2 519 927
Due from related parties **	(27-2)	20 232 692	20 190 504
Advance payment to employees as dividends		34 842 456	34 842 456
Other debit balances		27 730 225	24 038 935
		300 543 577	**495 834 622**
Less:			
Impairment loss on debtors and other debit balances	(26-2)	2 687 762	717 658
		297 855 815	**495 116 964**

* An amount of 150 046 598 LE which represents the Tax authority- withholding tax balance as at 31/12/2019 has been settled with the income tax due on 2019 profit, when the tax return for year 2019 was submitted, this transaction was eliminated when preparing the separate statement of cash flows.

** Restatement was made to some of the comparative figures as shown in note no. (35).

19. SUPPLIERS – ADVANCE PAYMENTS

	Note No.	31/12/2020 LE	31/12/2019 LE
Suppliers - advance payments (Local)		153 671 348	114 535 869
Suppliers - advance payments (Foreign)		11 035 035	5 052 926
		164 706 383	**119 588 795**
Less:			
Impairment loss on suppliers – advance payments	(26-2)	718 191	718 191
		163 988 192	**118 870 604**

20. CASH AND CASH EQUIVALENTS

	31/12/2020 LE	31/12/2019 LE
Banks – current accounts	473 328 848	251 685 798
Cheques under collection	1 377 000	100 000
Cash on hand	14 342 116	3 756 104
Cash and cash equivalents	**489 047 964**	**255 541 902**
Less:		
Banks – overdraft	2 543 424	2 284 022
Restricted current accounts against credit facilities in foreign currencies	-	730 627
Cash and cash equivalents according to the statement of cash flows	**486 504 540**	**252 527 253**

21. CAPITAL

21.1 Authorized capital

The company's authorized share capital is LE 8 Billion.

21.2 Issued and paid – up capital

Issued capital is LE 2 716 325 135 (Two Billion, Seven Hundred and Sixteen Million, Three Hundred and Twenty-Five Thousand and One Hundred Thirty-Five Egyptian pound) distributed over 543 265 027 shares with a par value of LE 5 per share paid in full.

The shareholders and the percentages of their contributions are as follows:

Shareholder	31/12/2020 Number of Shares	31/12/2020 Value in L.E	31/12/2020 Contribution %	31/12/2019 Contribution %
- Al Ezz Group holding for industry and investment (Ezz industries) *	208 630 599	1 043 152 995	38.403	38.403
- Egyptian Global Company for Commercial Investments (L.L.C) *	–	–	–	11.294
- Egyptian International Company for Industrial Investments (L.L.C) *	–	–	–	7.439
- Metallurgical Investment Development Company (L.L.C) *	–	–	–	7.439
- National Company for Metallurgical Industries Development (L.L.C) *	–	–	–	1.125
- Engineer / Ahmed Abd El Aziz Ezz *	148 302 540	741 512 700	27.298	0.001
- Al Ezz for Rolling mills (subsidiary company)	9 462 714	47 313 570	1.742	1.742
- Others	176 869 174	884 345 870	32.557	32.557
	543 265 027	**2 716 325 135**	**100.000**	**100.000**

* Some subsidiaries of "Al Ezz Group Holding company for Industry & Investment "Ezz Industries" have sold their shares in Ezz steel company on April 21 2020, which represent a percentage of contribution of 27.29% for Eng/ Ahmed Abdelaziz Ezz, consequently the percentage of the mentioned company contribution (direct and indirect) in Ezz steel company after this transaction is 38.83% on December 31 2020, rather than 65.25% until April 2020.

21.3 On January 5, 2021 the company's Board of Directors decided to purchase treasury shares with a maximum of 1% of the paid-up capital of the company, the Managing Director was delegated to set prices and the period for purchasing treasury shares within the company's available sources of financing and liquidity, the Financial Regulatory Authority approved this transaction. The total number of shares purchased until January 25, 2021 is 910 481 Shares with an amount of L.E 10 380 884.

22. RESERVES

	31/12/2020 LE	31/12/2019 LE
Legal reserve*	1 358 162 568	1 358 162 568
Other reserve (Additional paid in capital)**	1 497 217 634	1 497 217 634
	2 855 380 202	**2 855 380 202**

* **Legal reserve:** 5% of annual net profit should be appropriated to form legal reserve; the Company will stop appropriation once the legal reserve balance reaches 50% of the Company's issued capital; in case the reserve balance becomes less than the said percentage, the appropriation will continue.

** **Other reserves:** Additional paid in capital resulted from capital increase for the acquisition of Al Ezz El Dekheila-Alexandria for Steel shares, and bonds converted to shares.

23. BANKS - CREDIT FACILITIES

- Banks-credit facilities, which are amounted to LE 4 103 631 657 as of December 31, 2020 (amounted LE 4 474 705 349 as of December 31, 2019) representing bank facilities granted to the company from local banks with a credit limit amounting to L.E 4.025 Billion or the equivalent in US Dollar. The average interest rate during the year is 12.15% per year for the Egyptian pound and 5.1% per year for the US Dollar.
- The company has benefited from the central bank initiative related to the modification of the interest rate, to be 8% for the credit facilities that the company obtained after the date of the initiative which are amounted to L.E 2 791 472 509 as of December 31, 2020.
- Reclassification was made to some of the comparative figures as shown in note no. (35).

24. TRADE AND NOTES PAYABLE

	Note No.	31/12/2020 Due within year LE	31/12/2020 Long term LE	31/12/2020 Total LE	31/12/2019 Total LE
Trade payables*		759 011 536	-	759 011 536	1 114 301 388
Trade payables (Related Parties)	(27-3)	1 448 189 850	-	1 448 189 850	474 016 171
Notes payable*		148 618 404	357 904 588	506 522 992	154 535 598
Notes payable (Related parties)	(27-4)	40 000 000	-	40 000 000	-
		2 395 819 790	**357 904 588**	**2 753 724 378**	**1 742 853 157**
Deferred interest		(7 844 594)	(46 391 086)	(54 235 680)	(5 146 896)
		2 387 975 196	**311 513 502**	**2 699 488 698**	**1 737 706 261**

* As of December 31, 2020, payable includes an amount of installments due to the Egyptian Electricity Transmission Company, on October 1, 2020 the company agreed with the mentioned company to reschedule the payment of dues which amounted to L.E 459.56 Million to be paid on 46 monthly installment beginning from October 15, 2020 to July 15, 2024 in addition to interest by 8.75% annual rate stated on the reschedule mentioned above.

25. CREDITORS AND OTHER CREDIT BALANCES

	Note No.	31/12/2020 LE	31/12/2019 Restated LE
Tax Authority – Other than income tax		245 892 578	228 954 799
Accrued expenses		62 575 997	47 025 614
Accrued interest*		12 705 682	58 037 934
Due to related parties	(27-5)	682 523 103	552 603 916
Dividends payable – Board of Directors		900 000	900 000
Dividends payable – Shareholders		660 705	660 705
Fixed assets creditors		-	89 570
Other credit balances		18 149 777	7 844 926
		1 023 407 842	**896 117 464**

* During the year, the accrued interest of the syndicated loan amounted to L.E 152 479 069 was added to the balance of the long term loan as shown in note no.(28), this transaction was eliminated when preparing the separate statement of cash flows.

- Restatement and reclassification made to some of the comparative figures as shown in note no. (35).

26. PROVISIONS AND IMPAIRMENT LOSS ON FINANCIAL ASSETS

26.1 Provisions

	1/1/2020 LE	Formed During the year	31/12/2020 LE
Provision for claims	5 000 000	82 784 752	87 784 752
	5 000 000	**82 784 752**	**87 784 752**

The company formed claims provision to meet the obligations that may result from the company's deals with others.

26.2 Impairment Loss on Financial Assets

Impairment loss on:	Note No.	1/1/2020 LE	Formed During the year	31/12/2020 LE
Trade receivables	(17)	23 038 335	316 562	23 354 897
Debtors and other debit balances	(18)	717 658	1 970 104	2 687 762
Trade payables advance payments	(19)	718 191	-	718 191
		24 474 184	**2 286 666**	**26 760 850**

27. RELATED PARTIES TRANSACTIONS

The Company conducts transactions with some subsidiaries and affiliates companies, these transactions are represented in the purchase of raw materials for production and sales transactions of certain products and rents, these transactions and their balances are represented as follows:

Description	Nature of Transaction	Transaction Volume during the year LE	Balances as of 31/12/2020 Debit/(credit) LE	Balances as of 31/12/2019 Debit/(credit) Restated LE
27-1 Due from related parties – trade receivables				
- Al Ezz for Trading and Distributing Building Materials (affiliated)	Sales of rebars	1 157 512	5 059 643	3 924 601
			5 059 643	**3 924 601**
27-2 Due from related parties – debtors and other debit balances				
- Gulf of Suez Development Company (affiliate)		-	48 875	7 637
- Al Ezz for Ceramics (affiliate) company)	Rent	954 709	20 183 817	20 182 867
- Al Ezz Flat Steel (subsidiary)	Scrap sales	31 062	-	-
	Billet sales	2 522 364		
	Raw material purchases	406 179 229		
	Expenses paid on behalf	103 044 425		
	Headquarter rental revenue	20 817 600		
			20 232 692	**20 190 504**
27-3 Due to related parties –trade payables				
- Al Ezz Rolling Mills (subsidiary)	DRI purchases	1 068 207 159	(1 448 189 850)	(474 016 171)
	Steel rebars purchases	8 556 749		
	Expenses paid on behalf	98 956 224		
	Headquarter rental revenue	20 817 600		
			(1 448 189 850)	**(474 016 171)**
27-4 Due to related parties –notes payable				
- Al Ezz El Dekhaila for Steel – Alexandria (subsidiary company)			(40 000 000)	-
			(40 000 000)	**-**
27-5 Due to related parties – creditors and other credit balances				
- Al Ezz Group Holding Company for Industry & Investment "Ezz Industries" *	Trade receivables settlement**	210 000 000	(112 459 905)	(348 189 193)
- Al Ezz El Dekhaila for Steel – Alexandria (subsidiary company)	Sales	96 038 294	(570 063 198)	(204 414 723)
	Materials purchases	594 655 439		
			(682 523 103)	**(552 603 916)**

* Restatement was made to some of the comparative figures as shown in note no. (35).
** This transaction was eliminated when preparing the separate statement of cash flows.
- Sales and purchases amounts mentioned above in the disclosure do not include VAT.

28. LONG TERM LOANS

	31/12/2020 LE	31/12/2019 LE
Total loan	957 479 069	805 000 000
Less:		
Installments due within one year	93 354 209	325 000 000
Long term loan balance	**864 124 860**	**480 000 000**
Less:		
Net transaction cost of the loan	1 973 215	3 794 643
Long term loan net balance	**862 151 645**	**476 205 357**

- On January 18, 2015, the company signed an agreement with the National Bank of Egypt and the Arab African International Bank (security agent) to grant the company a joint long term loan amounted to LE 1.7 Billion due within 7 years from the date of signing the contract, the purpose of the loan is to restructure the banks credit facilities through paying the current liabilities due to the banks, according to the agreement the company will issue an official irrevocable power of attorney authorizing the security agent for itself and on behalf of the Banks to conclude and register a first degree fond de commerce mortgage on the company including Sadat factory within six months from the first withdrawal date also the borrower should keep his share in the subsidiaries without any amendments , as well keeping some financial ratios and indicators that are specified in the loan agreement during the period of the agreement. It will be paid on 26 non equal quarterly installments, the first installment accrued on August 2015 starting from the ending of six months of the first withdrawal on 5 February 2015, with an average return of 3.5% above Corridor published by the Central Bank of Egypt paid every three months.
- The commission of arrangement and finance cover guarantee (transaction cost of the loan) is 7.5 per thousand amounting LE 12.75 Million has been paid at the acquisition date of the loan, and the balance appears after deducting the amortization of the year from the loan date till December 31, 2020.
- Paid installments till December 31, 2020 are amounted to LE 895 Million (against LE 895 Million till December 31, 2019).
- The company has benefited from the central bank of Egypt initiative related to postponing the credit maturities for six months, ending in September 15, 2020 no additional fees or fines applied on postponing the payment based on the instructions of the Central Bank of Egypt on March 15, 2020 related to the precautious procedures against the effect of Corona Virus pandemic.
- During the year and after the end of the period of postponing payment of the interest according to the Central Bank initiative the banks which granted the loans have modified the installments with an amount of L.E 152 479 069 which represents the accrued interest on the loan balance for the period from 3/11/2019 to 31/12/2020 to pay the loan plus interest in 16 quarterly installments starting from March 31 , 2021 to December 31, 2024 , the interest rate was modified to 1.5% above the Corridor rate for the first year and 2% above the Corridor rate starts from second year from the date of activating the loan appendix.

29. DEFERRED TAX ASSETS AND LIABILITIES

29.1 Recognized deferred tax Assets (liabilities)

	31/12/2020		31/12/2019	
	Assets LE	(Liabilities) LE	Assets LE	(Liabilities) LE
Fixed assets	-	(72 618 962)	-	(72 762 576)
Unrealized foreign exchange gains	-	(2 235 876)	-	(20 442 346)
Tax losses	126 184 637	-	-	-
Financial Lease liabilities	25 454 903	-	26 183 531	-
Unrealized foreign exchange losses	21 664 634	-	40 247 037	-
	173 304 174	**(74 854 838)**	**66 430 568**	**(93 204 922)**
Net deferred tax liabilities	**98 449 336**			**(26 774 354)**
Less:				
Deferred tax previously charged	(26 774 354)		52 779 140	
Deferred tax for the year	**125 223 690**		**(79 553 494)**	

29.2 *Unrecognized deferred tax assets*

	31/12/2020 LE	31/12/2019 LE
Impairment loss on trade receivables	5 254 852	5 183 625
Impairment loss on debtors and other debit balances	604 746	161 473
Impairment loss on suppliers - advance payments	161 593	161 593
Provisions	5 706 719	-
	11 727 910	**5 506 691**

Deferred tax assets have not been recognized in respect of the above items due to uncertainty of the utilization of their benefits in the foreseeable future.

29.3 *Adjustments for calculation of the effective tax rate*

	2020 LE	2019 LE
Net Profit before income tax	(688 893 822)	2 762 459 799
Income tax as per tax rate in income tax law (22.5 %)	155 001 110	(621 553 455)
Add (Less):		
Dividends tax from subsidiaries	-	(7 295 158)
Impact of exempted investments revenues	-	29 545 390
Impact of non – deductible expenses	(10 636 351)	(5 806 779)
Impact of Provisions	(19 141 069)	-
Impact of tax losses	-	329 003 485
Income tax	**125 223 690**	**(276 106 517)**

30. Capital Commitments

- Capital Commitment as at December 31, 2020 as follows:

	Total capital commitments in 31/12/2020 LE	Paid till 31/12/2020 LE	Unexecuted portion till 31/12/2020 LE	Unexecuted portion till 31/12/2019 LE
Tools and equipments	6 361 758	(5 632 035)	729 723	5 543 846
	6 361 758	**(5 632 035)**	**729 723**	**5 543 846**

31. Contingent Liabilities & Contractual Commitments

31.1 The contingent Liabilities are represented in the outstanding letters of guarantee at the financial position date which were issued by the Company's banks and for the benefit of others, also the contractual commitments are represented in the outstanding letters of credit at the financial position date, as follows:

	31/12/2020 Total	31/12/2020 Cash Margin	31/12/2019 Total	31/12/2019 Cash Margin
Letter of Guarantee				
EGP	135 000	135 000	135 000	135 000
Letter of Credit for purchasing raw materials				
EGP	-	-	1 845 000	-
USD	9 857 282	-	1 533 336	-
EURO	27 661	-	744 371	-

31.2 Contingent liabilities also include the value of bails and guarantees for the subsidiaries to execute all of its obligations arising from bank facilities contracts concluded between the subsidiaries and some banks, the company's General Assembly has approved these bails and guarantees which are as follows:

Subsidiary company	Bail value LE	Subject of the bail
Al Ezz Rolling Mills Company	5 669 185 852	The execution of the subsidiary's obligations arising from the bank facility contract concluded between it and some banks to finance the remaining part of the construction and operating costs of a plant to produce DRI in Al Ain Al Sokhna district.
	1 050 000 000	Guaranteeing the subsidiary in the short term finance which is given to it by the National Bank of Egypt and in case of the bank increased the short term financing amount which is given to it with an additional maximum amount of LE 400 Million.

31.3 On 27/1/2021 the company has conducted a corporate guarantee agreement in favor of a foreign supplier under which the company guarantees both Al Ezz Rolling mills and Al Ezz Flat Steel to pay liabilities due from them by the said supplier on a payment period up to 2026, according to the following:

Subsidiary company	**The liability due to the supplier according to the agreement**	**The liability limit on the company according to the agreement**
Al Ezz Rolling Mills	12 225 653 USD	4 225 653 USD
Al Ezz Flat Steel	50 633 890 Euro	16 949 399 Euro

32. TAX POSITION

32.1 Income tax

- The Company enjoyed tax exemption according to Article (24) from Law No. (59) For 1979 related to development of the new urban communities, the Company was granted a tax exemption for a period of ten years which started on 1 January 1997 and ended on 31 December 2006.
- The Tax Authority inspected the Company's books until 31 December 2017 and there are no outstanding dues or tax disputes.
- The company submitted tax returns for the years 2018:2019 under Law No. 91 of 2005 on the due legal dates, currently the tax inspection is being prepared for those years.

32.2 Sales tax and value added tax (VAT)

- The Tax Authority inspected the Company's books until year 2015 and the company paid the tax differences in full.
- Tax returns are submitted according to value added tax law on the due legal dates.

32.3 Payroll tax

- The tax inspection was done till 2018 and there are no outstanding due.

32.4 Stamp tax

- The Tax Authority inspected the Company's books until year 2018 and all disputes were settled and there are no outstanding dues.

32.5 Property tax

- The tax assessment issued and paid up to 31/12/2020.

33. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

33.1 Financial instruments

The Company's financial instruments are represented in cash and cash equivalents, trade receivables, debtors, trade payables, notes payable, creditors, loans and bank credit facilities, and finance lease liabilities, book value of these financial instruments does not differ significantly from its fair value at the financial position date.

33.2 Interest rate risk

The interest risk is represented in the interest rates changes on the company's debts, represented in credit facilities and loan and financial lease liabilities (before deducting the cost of the loan) which amounted to LE 5 650 361 792 as of December 31, 2020 (LE 5 983 457 509 as of December 31, 2019). Financing interest and expenses related to them are amounted to LE 687 694 423 for the current year (L.E 1 059 226 107 for the comparative year. Interest income amounted to LE 12 371 860 for the current year (LE 29 395 044 for the comparative year).

The company works on obtaining the best terms available in the market regarding the credit facilities and long-term loan to mitigate this risk, also the company reviews the prevailing interest rates in the market periodically which reduces the interest rate risk.

33.3 Credit risk

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the separate financial statements date is:

	Note No.	31/12/2020 LE	31/12/2019 LE
Trade receivables	(17)	223 801 748	183 472 593
Debtors and other debit balances*	(18)	297 855 815	495 116 964
Suppliers - advance payments	(19)	163 988 192	118 870 604
Cash and cash equivalents		474 705 848	251 785 798
		1 160 351 603	**1 049 245 959**

* Restatement was made to some of the comparative figures as shown in note no. (35).

33.4 Liquidity risk

This note provides contractual terms for financial liabilities at the financial Position date:

Description	Expected cash outflows	One year or less	1-2 years	3-5 years	More than 5 years
December 31, 2020	**LE**	**LE**	**LE**	**LE**	**LE**
Finance lease liabilities	589 251 066	115 346 832	115 346 832	305 926 414	52 630 988
Loans and credit facilities	5 061 110 726	4 196 985 865	201 070 605	663 054 256	-
Trade and notes payables	2 753 724 378	2 395 819 790	136 792 031	221 112 557	-
Creditors and other credit balances	1 023 407 842	1 023 407 842	-	-	-
	9 427 493 912	**7 731 560 229**	**453 209 468**	**1 190 093 227**	**52 630 988**
December 31, 2019 - Restated					
Finance lease liabilities	703 752 160	124 170 085	124 479 532	354 074 022	101 028 521
Loans and credit facilities	5 279 705 349	4 799 705 349	480 000 000	-	-
Trade and notes payables	1 742 853 157	1 742 853 157	-	-	-
Creditors and other credit balances	1 085 375 329	1 085 375 329	-	-	-
	8 811 685 995	**7 752 103 920**	**604 479 532**	**354 074 022**	**101 028 521**

33.5 Foreign currency risk

The foreign currency risk represents the risk of fluctuation in exchange rates which in turn affects the company's cash inflows and outflows in foreign currencies as well as the translation of its foreign currency monetary assets and liabilities. At the financial position date, the Company has foreign currency monetary assets and liabilities equivalent to LE 8 678 862 and LE 787 975 987 respectively. The Company's net exposures in foreign currencies at the financial position date are as follows:

Foreign Currency	**(Deficit)/Surplus**
US Dollars	(48 856 264)
Euro	(384 403)
Swiss Frank	12 642
Sterling Pound	(74 737)
AED	3 349
Algerian Dinar	450

As shown in note no. (36-1) "Foreign currency translation", the balances of monetary assets and liabilities denominated in foreign currencies shown above were translated using the prevailing exchange rate at the financial position date.

Foreign currencies rates at the financial position date are as follows:

	Closing rate at	
	31/12/2020	**31/12/2019**
US Dollars	15.77	16.09
Euro	19.4113	18.0836
Swiss Frank	17.9184	16.6788
Sterling Pound	21.5828	21.2887
AED	4.2935	4.3807
Algerian Dinar	0.1525	0.1525

34. SIGNIFICANT EVENTS

During the first quarter of the year 2020 most of the world countries, including Egypt, were exposed to the novel coronavirus (Covid-19) pandemic which its effect still exists, and caused disturbances in the majority of commercial and economic activities in general. So, it is possible to have a material impact on the elements of assets, liabilities and its recoverable value thereof, and the results of operations in the company's separate financial statements for the current year and subsequent periods, in addition to the potential impact on the provision of raw materials, supplies necessary for production and operation, the demand on the company's products, and the available liquidity. Currently, the company is assessing and determining the size of this impact on its current separate financial statements, the management doesn't expect in meantime, based on the latest available information, any significant impact on the current separate financial statements and its going concern, due to instability and uncertainty as a result of the current events, the magnitude of the impact of that event depends mainly on the expected time frame, in which these events and their consequences, are expected to be ended, which is difficult to determine at the meantime.

35. COMPARATIVE FIGURES:

35-1 According to the settlement and conciliation agreement dated on 28/2/2018 with the National Committee for the Recovery of Assets , the conciliation took place according to the law no. 28 for 2015 in the lawsuit No. 11743 for the year 2011 (Agouza Criminal) known as (Dekheila lawsuit) , and the lawsuit No. 1372 for the year 2011"Qasr Al-Nile Criminal" known as "Iron Licenses" and other court cases related to money laundering and illegal gains obtained form the Two basic cases , an amount of L.E 1.7 Billion was paid as a consideration of conciliation in this cases for unlawfully benefits and profits, based on the legal consultations, the opinion of the company's independent legal advisor and the approval of Ordinary General Assembly of the company which has been held on 22/8/2020 the company was charged the conciliation amount paid to the National Committee for the Recovery of Assets amounted to L.E 1.7 Billion considering that it is the beneficiary company from these benefits and profits, the amount was settled by deducting it from the retained earnings retroactively and adding the same amount to the current account of Al Ezz Group Holding Company for Industry & Investment "Ezz Industries" as of the date of the settlement and conciliation agreement mentioned above and restatement of the comparative figures in the separate financial statements.

35-2 Reclassification was made to some of the comparative figures to conform to the current presentation of the separate financial statements, the impact of the restatement and reclassification of the comparative figures as follows:

First: Impact on the Separate Statement of Financial Position

Description	31/12/2019 As previously reported Debit/(Credit) L.E	Restatement Debit/(Credit) L.E	Reclassification Debit/(Credit) L.E	31/12/2019 Restated Debit/(Credit) L.E
Debtors and other debit balances	1 846 927 771	(1 351 810 807)	-	495 116 964
Retained earnings	(2 742 994 319)	1 700 000 000	-	(1 042 994 319)
Creditors and other credit balances	(695 556 033)	(348 189 193)	147 627 762	(896 117 464)
Banks credit facilities	(4 327 077 587)	-	(147 627 762)	(4 474 705 349)

Second: Impact on the Separate Statement of Cash Flow

Description	The Financial Year Ended 31/12/2019 As previously Reported L.E	Restatement L.E	Reclassification L.E	The Financial Year Ended 31/12/2019 Restated L.E
Change in debtors and other debit balances	(54 284 372)	8 345 000	-	(45 939 372)
Change in creditors and other credit balance	319 980 962	(8 345 000)	(1 323 815)	310 312 147
Proceeds from banks credit facilities	320 459 290	-	1 323 815	321 783 105

36. SIGNIFICANT ACCOUNTING POLICIES FOR THE SEPARATE FINANCIAL STATEMENTS

The following accounting policies have been applied consistently by the company during the financial year presented in these separate financial statements.

36.1 Foreign currency translation

The Company maintains its accounts in Egyptian Pound. Transactions denominated in foreign currencies are translated at foreign exchange rate prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies, at the financial position date are translated at the foreign exchange rates prevailing, at that date. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at that date of the transaction. Foreign currency differences arising on the retranslation are recognized in the separate statement of income at the financial position date.

36.2 Fixed assets and depreciation

Fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation - except rolling rings - is charged to the income statement on straight-line method over the estimated useful lives of assets. The management of the company regularly reconsiders the remaining useful lives of the fixed assets in order to determine whether they match the previously estimated useful lives and if there is a significant difference, the depreciation will be calculated in accordance with the remaining estimated useful life.

Leased fixed assets (The assets that ownership of the assets will be transferred to the lessee by the end of the lease contract) are recognized at cost in the beginning of lease contract, after the beginning of the lease contract the value of the leased fixed assets is determined at cost less the accumulated depreciation and the accumulated impairment loss and adjusted by any adjustments to the lease liability, the leased fixed assets is depreciated using straight line method over the estimated useful life of assets which are mentioned below.

During 2016, the special accounting treatment had been adopted to deal with the effects of floating exchange rate, The modified cost model was adopted which the cost and accumulated depreciation for some categories of fixed assets (Machinery and equipment, Vehicles, Furniture and office equipment, Tools and supplies) are modified using modification factors stated in annex (A) of EAS no. (13). The increase of net fixed assets, which are qualified to modification, were recognized in other comprehensive income items and was presented as a separate item in equity under the name of "modification surplus of fixed assets". The realized portion of modification surplus of fixed assets is transferred to retained earnings or losses in case of disposal or abandonment of the asset which qualified for modification or usage (depreciation difference resulting from the adaption of the special accounting treatment).

The estimated useful life for each type of assets to calculate the depreciation is as follows:

Asset's description	Estimated useful life
Buildings	
– Buildings	40
– Other buildings	8
Machinery and equipment	
– Machinery and equipment	5-20
– Rolling rings	According to actual use
Vehicles	**4-5**
Furniture and office equipment	
– Furniture and office equipment	3-8
– Central air conditioning and fixtures	8
Tools and supplies	**5**
Lease hold improvements	**The lower of lease term or assets' useful lives**

Gains or losses resulted from disposal of an item of fixed assets are recognized in the statement of income.

36.3 Cost subsequent to acquisition

The replacement cost of an asset component is recognized in the asset cost after the elimination of the cost of this component when such cost is incurred by the company if it is probable that future economic benefits shall inflow to the company as a result of the replacement of this component conditional on the ability to measure its cost with a high level of accuracy. However, the other costs are to be recognized in the statement of income as expenses when incurred.

36.4 Projects under construction

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to fixed assets caption when they are completed and are ready for their intended use with their cost, the projects under construction are recognized in the statement of financial position at cost less impairment losses if any.

36.5 Investments

36.5.1 *Investments in subsidiaries and associates*

Investments in subsidiaries and associates are stated at cost less impairment Note no. (36-10). In case of existing indicator of impairment, the company assesses its investments and in case that the recoverable amount is less than the carrying amount, the carrying amount of this investment is reduced by the impairment loss then an impairment loss is recognized in the separate statement of income.

36.5.2 *Investments in affiliates*

The affiliates are subsidiaries of the parent company and the company has no direct control over them, investments in affiliates are recognized at historical cost. In case of the existence of impairment in the carrying amounts of these investments, the related investment is reduced by this impairment loss, and charged to the separate statement of income for each investment.

36.6 Inventories

Inventories are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

- **Raw materials:** are valued at cost up to bringing them to warehouses, and the outgoing is evaluated using the first in first out method.
- **Spare parts, materials, and supplies** are valued at cost up to bringing them to warehouses, and the outgoing is evaluated using the weighted average method.
- **Work in process:** according to the actual manufacturing cost which includes direct materials and labor cost in addition to its share of indirect manufacturing cost incurred until the last production stage reached.
- **Finished products:** according to the actual manufacturing cost.

36.7 Trade and notes receivables and debtors

Trade and notes receivable and debtors are initially stated at their fair value and subsequently measured by amortized cost using the effective interest rate and reduced by estimated impairment losses from their values.

36.8 Cash and cash equivalents

Cash and cash equivalents in statement of cash flows comprise cash balances, banks current accounts, time deposits and money market fund which do not exceed three months and banks overdrafts that are repayable on demand and form an integral part of the company's cash management preparing are included as a component of cash equivalents. The Separate statement of cash flows is prepared and presented according to the indirect method.

36.9 Trade and notes payable and creditors

Trade and notes payable and creditors are initially stated at fair value and subsequently measured by amortized cost using the effective interest rate.

36.10 Impairment loss on assets

a- Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the effective interest rate of asset. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually, significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in statement of income. Any cumulative loss in respect of an available-for-sale financial asset recognized previously in equity is transferred to statement of income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost and available-for-sale financial assets that are debt securities, the reversal is recognized in statement of income. For available-for-sale financial assets that are equity securities, the reversal is recognized directly in equity.

b- Non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognized in the statement of income.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

36.11 Interest-bearing borrowings

- Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost on an effective interest basis with any difference between cost and recoverable value being recognized in the statement of income over the period of the borrowings.
- Borrowing costs of financing fixed assets are capitalized to finance qualified fixed assets during the construction/preparation period till the asset is ready for use.

36.12 Provisions

Provision is recognized as a result of past event where the Company has a legal or constructive obligation and it is probable that a flow of economic benefits will be required to settle the obligation and the obligation can be reasonably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at the financial position date and amended when necessary to reflect the best current estimate.

36.13 Capital

Repurchase of share of capital

At repurchase of issued share of capital, the amount paid including all direct costs related to the repurchase of share is recognized as a reduction to equity and classified as a treasury stocks deducted in side of shareholder's equity.

36.14 Revenues

a) Sales revenues

Sales revenues are recognized when the risks and rewards of ownership of goods are transferred to the purchaser at delivering the goods. No revenue is recognized when collection of related consideration is not assured or inability to determine any related costs, any expected sales return, or the continues of the management relation with the sold product.

b) Dividends

Dividends income is recognized in the statement of income on the date when the company has the right to receive investees' dividends occurred after the date of acquisition.

c) Interest income

Interest income is recognized in the statement of income as it accrues using the effective interest rate method.

36.15 Lease contracts

Finance Lease contracts

A leased asset is recognized in the company's assets, also recognize a liability that represents the present value of the unpaid finance lease installments in the company's liability.

Finance lease contracts (sell and lease back)

If the entity (the lessee) transfers the asset to the other entity (the lessor) and leased back the asset, the entity must determine whether the asset is being accounted for sales transaction or not, in case of not being sales transaction the lessee must continue to recognize the transferred asset and must recognize a financial liability equal to the proceeds of the transfer.

Operating lease contracts

Leases are classified as operating leases. Payments in respect of operating leases are charged to statement of income as an expense using a straight-line basis over the lease term. (Net of any lease, discount incentive and rent-free periods).

36.16 Earnings or losses per share

The company presents basic and diluted earnings or losses per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year.

36.17 Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in shareholders' equity, in which case it is recognized in shareholders' equity.
Current tax is the expected tax payable on the taxable income using tax rates enacted financial position date.
Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized during the upcoming year.

36.18 Employee benefits

The company contributes inside Egypt in Social Insurance under the Social Insurance Authority for the benefits of its personnel in pursuance to the Social Insurance Authority law No. 79 of 1975 and its amendments. These contributions recorded in the 'salaries and wages' accounts, in addition to end of service benefits as shown in note no.(11).

36.19 Financial risk management

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

* Credit risk
* Liquidity risk
* Market risk

This note presents information about the company's exposure to each of the above risks, the company objectives, policies and processes for measuring and managing risks, and the company management of capital. Further quantitative disclosures are included throughout these separate financial Statements.
The Board of Directors has overall responsibility for the establishment and oversight of the company s risk management framework, also identifying and analyzing the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.
The company, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

36.19.1 *Credit risk*

Credit risk is the risk that one party of financial instruments will fail to discharge an obligation and cause the other party to incur financial loss. This risk is mainly resulting from the company's trade and other debtors.

Trade receivable and other debtors

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the company's customer base, including the default risk has less of an influence on credit risk.
Most of company's revenue is represented in sales transaction with many customers with close values for each customer, hence, there is no concentration of credit risk on specific customers.

Cash and cash equivalents
Credit risk relating to cash and cash equivalents - except cash on hand - and financial deposits arises from the risk that the counterparty becomes insolvent and accordingly is unable to return the deposited funds. To mitigate this risk, whenever possible, the company conducts transactions and deposits funds with financial institutions with high and stable investment grade.

36.19.2 ***Liquidity risk***
Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation. The company ensures that the sufficient cash on demand to meet expected operational expenses for a suitable period, including the service of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

36.19.3 ***Market risk***
Market risk is the risk that changes in market prices, such as foreign currency exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
The company is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of the company, primarily the U.S. Dollars (USD) and Euro. In respect of monetary assets and liabilities denominated in foreign currencies, the company ensures that its net exposure is kept to an acceptable level through purchase or sale of the foreign currencies with current prices when that is necessary to face the unbalanced short term.

Interest rate risk
The Company is exposed to market risks as a result of changes in interest rates particularly in relation to borrowings and credit facilities. Borrowings issued at floating rates expose the company to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk.
The basic strategy of interest rate risk management is to balance the debt structure with an appropriate mix of fixed and floating interest rate borrowings based on the company's perception of future interest rate movements.

Other market prices risk
This risk arises from changes in the price of available-for-sale investments held by the company, the company's management monitors the equity instruments in the investments' portfolio according to the market and objective valuation of the separate financial statements related to these shares. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors. The primary goal of the company's investment strategy is to maximize investment returns and the Company consults external advisors in this regard.

36.19.4 ***Capital management***
The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the company defines as net operating income divided by total shareholders' equity, the Board also monitors the level of dividends paid to shareholders. There were no changes in the company's approach to capital management during the year. The company is not subject to any externally imposed capital requirements.

37. NEW ISSUES AND AMENDMENTS ISSUED TO THE EGYPTIAN ACCOUNTING STANDARDS:

On 18 March 2019, the Minister of Investment and International Cooperation amended some of the Egyptian Accounting Standards issued by the Minister of Investment Decree No. 110 of 2015, which include some new accounting standards issuances and amendments to some existing standards as follows:

New or Amended Standards	Summary of the Most Significant Amendments	Potential impact on the Financial Statements	Adoption date
New Egyptian Accounting Standard No. (47) "Financial instruments"	1. The new Egyptian Accounting Standard No. (47) "Financial Instruments" replaces the corresponding topics in Egyptian Accounting Standard (26) Financial Instruments: Recognition and Measurement. Accordingly, the Egyptian Accounting Standard No. (26) Was amended and reissued after the withdrawal of the paragraphs related to new EAS (47) and define the scope of the amended Standard (26) to work only with limited cases of hedge accounting according to the Entity's choice. 2. In accordance with the requirements of the Standard, financial assets are classified based on subsequently measured at their amortized cost, at fair value through other comprehensive income or at fair value through profit or loss, in accordance with the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. 3. The realized loss model in the measurement of impairment of financial assets is replaced by the expected credit loss models, which requires the measurement of impairment of all financial assets measured at amortized cost and financial instruments measured at fair value through other comprehensive income from the initial recognition regardless of the existence of an index of the loss event 4. Pursuant to the requirements of this standard, the following criteria have been amended: - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements", amended 2019 - Egyptian Accounting Standard No. (4) "Statement of Cash Flows" - Egyptian Accounting Standard No. (25) "Financial Instruments: Presentation" - Egyptian Accounting Standard No. (26) "Financial Instruments: Recognition and Measurement - Egyptian Accounting Standard No. (40) "Financial Instruments: Disclosures"	Management is currently assessing the potential impact on the financial statements when applying the amendment to the standard.	Standard No. 47 is effective for financial periods beginning on or after 1 January 2020 and early adoption is permitted, on the condition of applying the Egyptian Accounting Standards No. (1), (25), (26) and (40) amended 2019 together at the same Date. On 17/9/2020, Prime Minister Decision No. 1871 of 2020 was issued to postpone the adoption of the standard, as the standard will be applied to the financial periods beginning on or after January 1, 2021. These amendments shall be effective from the date of application of the standard 47.

New or Amended Standards	Summary of the Most Significant Amendments	Potential impact on the Financial Statements	Adoption date
New Accounting Egyptian Standard No. (48) "Revenue from contracts with customers"	1. The new Egyptian Accounting Standard No. 48, Revenue from Contracts with Customers, replaces and cancels the following criteria: (A) Egyptian Accounting Standard No. (8) "Construction Contracts", amended 2015; (B) Egyptian Accounting Standard No. 11, "Revenue", amended 2015; 2. The control model was used to recognize revenue instead of the benefit and risk model. 3. The incremental costs of obtaining a contract with a customer are recognized as an asset if the entity expects to recover those costs and the recognition of the costs of fulfilling the contract as an asset when specific conditions are met. 4. The standard requires that the contract has commercial substance in order for revenue to be recognized. 5. Expanding disclosure and presentation requirements.	Management is currently assessing the potential impact on the financial statements when applying the amendment to the standard.	Standard No. 48 is effective for financial periods beginning on or after 1 January 2020 and early adoption is permitted On 17/9/2020, Prime Minister Decision No. 1871 of 2020 was issued to postpone the adoption of the standard, as the standard will be applied to the financial periods beginning on or after January 1, 2021.
New Egyptian Accounting Standard (49) "Leases"	1. The new Egyptian Accounting Standard No. (49) "Leases" replaces the Egyptian Accounting Standard No. (20) "Accounting Standards and Standards for Financial Leasing Operations 2015 and cancels it. 2. The Standard introduces a single accounting model for the lessor and the lessee, the lessee recognizes the right of use of the leased asset within the assets of the company and recognizes an obligation that represents the present value of the unpaid lease payments within the company's obligations, taking into account that the lease contracts are not classified as operating lease or a finance lease. 3. For the lessor, the lessor shall classify each contract of its lease contracts either as an operating lease or as a finance lease. 4. For the finance lease, the lessor must recognize the assets held under a finance lease in the statement of financial position and present them as a due amounts equal to the net investment in the lease contract.	The management of the Company has applied the accounting treatment stated in the Egyptian Accounting Standard No. (49) Leases Contracts. The Company's management is currently assessing the potential impact on the financial statements when the standard is applied to the remaining lease contracts in which the company is a party.	Standard No. (49) Applies to financial periods beginning on or after 1 January 2020 and early adoption is permitted if the Egyptian Accounting standard No. (48) "Revenue from contracts with customers" 2019 was applied at the same time. On 17/9/2020, Prime Minister Decision No. 1871 of 2020 was issued to postpone the adoption of the standard, as the standard will be applied to the financial periods beginning on or after January 1, 2021. Except as of the effective date above, Standard No. 49 (2019) applies to leases that were subject to the Financial Leasing Law No. 95 of 1995 and its amendments which were

New or Amended Standards	Summary of the Most Significant Amendments	Potential impact on the Financial Statements	Adoption date
	5. For operating lease, the lessor should recognize the lease payments from operating leases as income either on a straight-line basis or on another regular basis.		treated in accordance with Egyptian Accounting Standard No. 20, "Accounting Standards and Standards Related to Finance Lease Operations". The finance lease contracts which are arise subject to the Law of Organizing Finance Lease and Factoring Activities No. 176 of 2018, from the beginning of the annual report period, in which law No. 95 of 1995 was canceled and issuing law No. 176 of 2018
Amended Egyptian Accounting Standard No. (38) "Employees Benefits"	A number of paragraphs were added and amended to amend the accounting rules for the modification, reduction and settlement of the employee benefits scheme	No impact on the current separate financial statements	Standard No. (38) is effective for financial periods beginning on or after 1 January 2020 and early adoption is permitted The Financial Regulatory Authority has postponed applying the standard on the quarterly financial statements during 2020, to be applied on the annual financial statements at 31 December 2020, and this will be effective from 1 January 2020.
Amended Egyptian Accounting Standard No. (42) "Consolidated financial statements"	Some of the paragraphs were added related to the exception of investment entities from the consolidation. This amendment resulted in an amendment to some standards related to the subject of investment entities. The following is the amended standards - Egyptian Accounting Standard No. (15) "Disclosure of Related Parties" - Egyptian Accounting Standard No. (17) "Separate financial Statements" - Egyptian Accounting Standard No. (18) "Investments in Associates" - Egyptian Accounting Standard No. (24) "Income Tax"	No impact on the current separate financial statements	Standard No. (42) is effective for financial periods beginning on or after 1 January 2020 and early adoption is permitted. The Financial Regulatory Authority has postponed applying the standard on the quarterly financial statements during 2020, to be applied on the annual financial statements at 31 December 2020, and this will be effective from 1 January 2020.

New or Amended Standards	Summary of the Most Significant Amendments	Potential impact on the Financial Statements	Adoption date
	- Egyptian Accounting Standard No. (29) "Business Combinations" - Egyptian Accounting Standard No. (30) " Financial Statements" - Egyptian Accounting Standard No. (44) " Disclosure of Interests in Other Entities "		The new or amended paragraphs are also applied to the standards that have been amended with respect to investment entities on the effective date of the Egyptian Accounting Standard No. (42) "Consolidated Financial Statements", amended in 2019.