EZZ STEEL REPORTS CONSOLIDATED 1H22 RESULTS

Cairo, 08 September 2022 – 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 30 June 2022. The audited results have been prepared in accordance with Egyptian Accounting Standards.

Key Highlights

EGP Mn

	1H22	1H21
Net sales	**38,497**	**30,417**
Gross profit	**10,258**	**6,380**
Net profit before tax*	**5,576**	**2,920**
Net profit	**4,130**	**2,397**
Earnings per share (EPS)**	4.88	2.97

* After allowing for an FX loss of EGP 1,127mn.

** EPS = Net profit after tax & Minority Interest / No. of shares at the end of the period, for the three months period ending 30 June 2022.

For further information:

Ezz Steel

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Comment

Commenting on the results, the board issued the following notes to the shareholders:

- Sales amounted to EGP 38,497 million in 1H22, compared to EGP 30,417 million in 1H21. Rebars sales constituted 58% of total sales, and sales of hot-rolled flat steel (HRC) 40%.
- In 1H22, the Company – being Egypt's largest producer- directed part of its flexible capacity in Suez to maximise rebars production; accordingly, HRC production and exports were reduced. This helped satisfy the growing local consumption and hence substituted potential imports. Meanwhile, the Company maintained the same level of HRC supply to the local market, especially during 1Q22 which witnessed a noticeable increase in local consumption, thus continuing to balance its export goals with its domestic commitments.
- Ezz Steel achieved an export sales value of USD 514 million in 1H22, of which sales of HRC reached USD 418 million and sales of Wire Rods reached USD 96 million. Comparatively, in 1H21 exports amounted to USD 587 million dollars, of which USD 477 million from HRC sales and USD 110 million from Wire Rods sales.
- Net profit before taxes amounted to EGP 5,576 million in 1H22, compared to EGP 2,920 million in 1H21. The income tax amounted to EGP 1,360 million and deferred tax (obligation) EGP 87 million. Thus, net profit after tax amounted to EGP 4,130 million in 1H22 (EGP 2,397 million in 1H21).
- According to World Steel Association statistics, global crude steel production decreased 3.3% in 1H22 to reach 972 million tonnes, compared to 1H21 consumption of 1005 million tonnes. China, which accounts for 54% of the world's figures, is active in regulating its realestate sector, it also continues to enforce strict measures to reduce its environmental emission, its production decreased therefore by 6.4%. Worth noting that Russia's production went down about 6%, while Ukraine is estimated to have lost over 60% of its production H-o-H.
- Domestic consumption of rebars increased 15% to reach 3.895 million tonnes in 1H22 compared to 3.398 million tonnes in 1H21. Both national projects which maintained its pace and private building's elevated activity level are responsible for such increase.
- Coping with such domestic increase, the Company's rebars sales increased 11% from 1,355 thousand tonnes in 1H21 to 1,503 thousand tonnes in 1H22. High quality and proven savings are further establishing Ezz Steel's high tensile product (B500DWR) as the product of choice, not only in technically-demanding mega projects, but also in private builders' small projects.
- Local HRC consumption maintained its highs of last year. It reached 787 thousand tonnes in 1H22, slightly below the 802 thousand tonnes of 1H21 by 2%. Downstream industries continue to favour Ezz

Steel HRC products over imports for quality issues -especially for their export markets- as well as to overcome foreign currency constraints.

- Ezz Steel established itself, not only as the largest supplier, but also as a dependent and reliable source of quality material to local industries dependent on HRC. Local HRC sales in 1H22 reached 497 thousand tonnes, 5% above 1H21 (474 thousand tonnes).
- Forex loss reached EGP 1,127 million in 1H22, almost all of which incurred in 1Q22 upon a drop of 17% in the EGP to the USD in March 2022. The Egyptian Pound relaxed a further 5% to the USD in August 2022 (after the closing of 1H22). As steel is a dollar-based business, the devaluation strengthens the competitiveness of the Company's exports internationally.
- The Russia-Ukraine conflict still affects global economy, with no resolution in sight. Ezz Steel managed to overcome the immediate effect on its operations by substituting Russian and Ukrainian suppliers of raw materials, consumables and spare parts with reliable and quality-assured international suppliers. In spite of the dynamic price movements of both raw materials and products, the margin to manufacturers remains healthy.

About Ezz Steel

Ezz Steel is the largest steel producer in the Arab World and North Africa according to the World Top Steel Makers for 2020 published by World Steel Association (WSA). The Company is the Egyptian market leader with a total capacity of 7 million tonnes of finished steel products per annum. Ezz Steel was established on 2/4/1994 as an Egyptian joint stock company in accordance with the provisions of Law No. 159 for the year 1981.

In 2021, the Company produced 2.9 million tonnes of long products (typically used in construction) and 2.1 million tonnes of flat products (typically used in engineering industries, automotive, steel pipes and consumer products). 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 latter's acquisition of EFS/ERM, both are full subsidiaries of EZDK.

Sales

Consolidated net sales for 1H22 were EGP 38,497 million compared to EGP 30,417 million in 1H21, representing a 27% increase.

*EGPMn**	Ezz Steel Standalone	EZDK Consolidated	Ezz Steel Consolidated
Long	6,346	16,161	**22,507**
Flat	-	15,531	**15,531**
Others	-	459	**459**
Total	**6,346**	**32,151**	**38,497**

*after the elimination of intercompany transactions.

Long steel products accounted for EGP 22.5 billion, or 58% of sales in 1H22, while flat steel products represented 40% of sales at EGP 15.5 billion. Flat product exports accounted for 48% of total flat sales.

Sales Value *EGPMn*	Domestic	%	Export	%
Long	20,789	92%	1,717	8%
Flat	8,127	52%	7,404	48%

Long sales volume increased 11% to reach 1.5 million tonnes during 1H22. Flat sales volume decreased 13% to reach 907 thousand tonnes.

The group's consolidated sales volumes totalled 2.41 million tonnes in 1H22 compared to 2.39 million tonnes in 1H21, an increase of 1%.

Production

Long steel production volumes totalled 1.66 million tonnes during 1H22 compared to 1.44 million tonnes in 1H21, an increase of 15%. Flat steel production volumes decreased 13% to reach 912 thousand tonnes in 1H22 compared to 1.05 million tonnes in 1H21.

Cost of Goods Sold

Consolidated Cost of Goods Sold for 1H22 represented 73% of sales compared to 79% in 1H21. Consequently, gross profit margin increased to reach 27% in 1H22 compared to 21% in 1H21.

Ezz Steel Standalone reported a COGS/Sales ratio of 89% for 1H22.

*EGPMn**	**ESR Standalone**	**EZDK Consolidated**	**Ezz Steel Consolidated**
Sales	6,346	32,151	38,497
COGS	5,665	22,573	28,238
COGS/Sales	**89%**	**70%**	**73%**

*after the elimination of intercompany transactions

Gross profit

Gross profit of EGP 10.26 billion was recorded for 1H22 for Ezz Steel consolidated, a 61% increase compared to the EGP 6.38 billion recorded in 1H21.

EBITDA

Consolidated EBITDA for 1H22 amounted to EGP 8.95 billion compared to the EGP 5.27 billion recorded in 1H21.

Foreign Exchange Loss

The devaluation of the Egyptian Pound by c. 17% on March 21,2022 resulted in an unrealized foreign exchange loss of EGP 1,127 million.

Tax

During 1H22, Ezz Steel had an income tax of EGP 1,360 million and a deferred tax of EGP 87 million.

Net profit

Net profit reached EGP 4,130 million in 1H22 compared to EGP 2,397 million in 1H21.

Net profit after minority interests

Net result after tax and minority interests recorded a profit of EGP 2,601 million for 1H22 compared to EGP 1,584 million in 1H21.

Liquidity and capital resources

At the end of the period, Ezz Steel had cash on hand of EGP 4.4 billion and net debt of EGP 31.5 billion.

Outlook

- In spite of the Russian-Ukrainian war effect, World Steel Association's updated outlook forecast a growth in world steel consumption -albeit limited- of 0.4% in 2022 to reach 1,960 million tonnes, followed by a significant 2.2% growth in 2023 to reach 2,003 million tonnes, an increase of 43 million tonnes. As for China, WSA forecasts no-change in its consumption in 2022, then a 1% increase in 2023.
- Building on actual domestic market consumption so far this year, Egypt's rebars consumption is estimated to increase by 10% Y-o-Y in 2022 to reach 8.1 million tons.
- The domestic market for HRC is expected to hold closely to the high grounds it achieved last year. Consumption in 2022 is also estimated to reach c. 1.5 million tonnes. As with rebars, Ezz Steel plans to serve the needs of the market and continues as the reliable supplier of choice.
- The possible consequences of the on-going Russian-Ukrainian war on the world cannot be underestimated. Supply-side inflation is fuelled by substantial increase in energy prices, particularly natural gas; heating requirements for the approaching winter will emphasize the problem. Many commodity prices, especially agricultural food products, increased as well, as a reaction to availability and logistics risks. Central banks are increasing interest rates to curb inflation, but without losing track of possible recession and unemployment. With fears of economic shrinkage in mind, as well as slowness in China, the iron and steel sector has been witnessing some softening in the prices of both raw materials and products, however, so far, the margin between raw material prices and product prices remains acceptable.

  The conflict has been lingering far longer than the worst expectations. The whole world can only hope for a peaceful and swift resolution.

- Ezz Steel is well aware of the economic and sectorial challenges. Pouring in the Company's favour are a) the growth in local market -especially rebars: market consumption is coming from a low per capita base and has been revived recently with private building. And, b) the ability to capitalize on the flexible industrial configuration: Ezz Steel can control the make-up of the charge mix (between DRI and scrap) to optimise returns and can change that as often as necessary to cope with price dynamics of raw materials.

Divisional Overview

EZDK Standalone Sales (EGP):		**1H22**	**1H21**	**2Q22**	**1Q22**
Value:	Mn	27,002	19,751	13,331	13,671
Volume:					
Long:	000 Tonnes	1,079	925	490	588
Flat:	000 Tonnes	502	577	237	265
Exports as % of Sales:					
Long:		11%	16%	15%	6%
Flat:		48%	47%	52%	44%
EBITDA:	Mn	6,573	3,916	3,697	2,876
Production:					
Long Products:	000 Tonnes	1,002	964	521	481
Flat Products:	000 Tonnes	560	553	282	278
Billets:	000 Tonnes	1,078	1,020	537	541
Ezz Steel Standalone Sales (EGP):		**1H22**	**1H21**	**2Q22**	**1Q22**
Value:	Mn	6,809	4,786	3,416	3,393
Volume:	000 Tonnes	435	398	204	231
Exports as % of Sales:		-			-
EBITDA:	Mn	480	442	254	226
Production:					
Long Products:	000 Tonnes	440	419	225	216
Billets:	000 Tonnes	421	441	227	194

EZDK Consolidated Sales (EGP):		1Q22	1H21	2Q22	1Q22
Value:	Mn	34,547	26,512	17,386	17,161
Volume:					
Long:	000 Tonnes	1,101	966	513	588
Flat:	000 Tonnes	907	1,038	404	503
Exports as % of Sales:					
Long:		10%	15%	15%	6%
Flat:		48%	54%	56%	39%
EBITDA:	Mn	8,446	4,802	4,709	3,738
EBT	Mn	5,437	2,714	3,704	1,734
Net Profit	Mn	4,087	2,060	2,896	1,190
Production:					
Long Products:	000 Tonnes	1,220	1,025	627	592
Flat Products:	000 Tonnes	912	1,045	437	475
Billets:	000 Tonnes	1,240	1,055	627	614
Ezz Steel Consolidated Sales (EGP):		**1H22**	**1H21**	**2Q22**	**1Q22**
Value:	Mn	38,497	30,417	19,856	18,641
Volume:					
Long:	000 Tonnes	1,503	1,355	714	789
Flat:	000 Tonnes	907	1,038	404	503
Exports as % of Sales:					
Long:		8%	11%	11%	4%
Flat:		48%	54%	56%	39%
EBITDA:	Mn	8,947	5,273	4,966	3,981
EBT	Mn	5,576	2,920	3,822	1,754
Net Profit	Mn	4,130	2,397	2,913	1,217
Production:					
Long Products:	000 Tonnes	1,660	1,444	852	808
Flat Products:	000 Tonnes	912	1,045	437	475
Billets:	000 Tonnes	1,661	1,496	853	808

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 quarter ending 31 March 2022. 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.

Ezz Steel Company (S.A.E)

Consolidated Interim Financial Statements For The Six Months Ended
June 30, 2022
&
Independent Auditor's Report

Ezz Steel Company (S.A.E)
Consolidated Interim Financial Statements For The Six Months Ended June 30, 2022

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Translation from Arabic

Independent Auditor's Report

TO THE BOARD OF DIRECTORS OF EZZ STEEL (S.A.E)

Report On The Consolidated Interim Financial Statements

We have audited the accompanying consolidated interim financial statements of Ezz Steel Company (S.A.E), which comprise of the consolidated interim financial position statement as of June 30, 2022 and the related consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six months then ended, and a summary of significant accounting policies and other notes.

Management's Responsibility for The Consolidated Interim Financial Statements

These consolidated interim financial statements are the responsibility of the company's management. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Egyptian Accounting Standards and relevant Egyptian laws and regulations. This responsibility includes: designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the consolidated interim financial statements that are free from material misstatement, whether due to fraud or error this responsibility includes selecting and applying appropriate accounting policies and making accounting estimates appropriate to the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated interim financial statements based on our audit. We conducted our audit in accordance with the Egyptian Auditing Standards along with any applicable relevant laws and regulations. The standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated interim financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated interim financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In assessing risk, the auditor considers the internal controls relevant to the entity's preparation of the consolidated interim financial statements, in order to design audit procedures that are appropriate and relevant. An audit also includes evaluating the appropriateness of accounting policies used by the entity, the reasonableness of accounting estimates made by management, and also evaluating the overall presentation of the separate interim consolidated financial statements

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

Our Opinion

In our opinion, the consolidated interim consolidated financial statements referred to above presented fairly, in all material respects, the consolidated interim consolidated financial position of Ezz Steel Company (S.A.E) as of June 30, 2022, and the consolidated interim results of its operations and its cash flows for the six months then ended, are in accordance with the Egyptian Accounting Standards and any applicable laws and regulations.

Emphasis Of Matters

Without qualifying our opinion, we draw attention to the following:

1- As detailed in Note No. (1-3) in the notes to consolidated interim financial statements, the consolidated accumulated losses as of June 30, 2022, amounted to EGP 9.8 billion, as presented in the consolidated interim financial position, in addition the consolidated liabilities were greater than total assets which resulted in an equity deficit of EGP 496 million of that date. As "Al-Ezz Flat Steel" (a subsidiary company) recognized a net profit of EGP 992.4 million, which led to a decrease in the total accumulated losses as of June 30, 2022 to become EGP 8.5 billion. Accordingly, a deferred tax asset recognized amounting to EGP 255 million. The subsidiary "Al-Ezz Rolling Mills Company" recognized accumulated losses as of June 30, 2022, amounted to EGP 6.2 billion. Accordingly, a deferred tax asset recognized amounted to LE 627 million. Thus, the total of the deferred tax assets formed amounted to EGP 882 million, as presented in the deferred tax asset balance in the consolidated interim financial position at that date. Management of the subsidiary companies prepared a budget for the years from 2021 to 2026, in which management forecasted a positive future expectation in which those subsidiaries will turn profitable and enhance their performance during these years. In addition the "Ezz Dekheila Steel Company's – Alexandria" (subsidiary company) budget confirmed its intention/plan to finance its subsidiaries operations, which will be reflected in the positive operational and financial indications to be achieved in the next years, and to benefit from the carried forward tax losses, which rely on that the future assumptions is achieved, those assumptions were used in the preparation of the budget referred to above.

2- As detailed in Note No. (35-3-1) in the notes to the consolidated interim financial statements, the Egyptian Tax Authority total tax claims amounted to EGP 254 million from "Ezz Dekheila Steel Company – Alexandria (EZDK)" (subsidiary company) according to the tax forms received by EZDK on February 17, 2011, including delayed penalties related to the tax imposed on the Flat Steel Project which had been previously exempted from tax during the years 2000 – 2004.

   The subsidiary's management believe that it had been previously taxed for these years and an agreement was reached in the Internal Committee, while referring to the disputed issue related to the cancellation of the duty of the development of state resources on the exempted movable tax base to the Appeal Committee. The Appeal Committee issued its resolution on June 12, 2010 to cancel the duty of development of state resources imposed on the exempted movable tax base, while the other tax bases shall remain exempted for the disputed years. The due tax was fully paid as per the resolution of the Internal Committee. Accordingly, the dispute was settled and became final and cannot be appealed furtherly. The subsidiary's management and its legal advisor believe that its tax position is solid as the resolution of the Appeal Committee supported the subsidiary. Accordingly, it became legally indisputable. Subsequently, the Egyptian Tax Authority cannot raise the dispute for these years again in the future. The company filed a Tax Clearance Lawsuit (No. 405) For The Year 2011.

   The subsidiary reached an agreement with the Egyptian Tax Authority to cancel the detention imposed on EZDK resulting from the abovementioned dispute, the subsidiary paid an amount of EGP 254 million including delay penalties which amounted EGP 35 million. The subsidiary foresees that this procedure does not change its legal and tax positions as it reserves its right to reimburse the amount paid upon the issuance of a court ruling in favor of the subsidiary related to Tax Clearance Lawsuit (No. 405) For The Year 2011 and it is currently difficult to estimate the obligations that might be charged to the subsidiary until the settling of the lawsuit referred to.

MOORE Egypt

3- As explained in detail in Note No. (38) in the notes to the consolidated interim financial statements, a dispute arose between "Ezz Dekheila Steel Company – Alexandria (EZDK)" (subsidiary company) and the Sales Tax Authority regarding the additional tax on the value of right of use of equipment used on port's dock of mineral materials used in handling materials in Dekheila Port, amounting to EGP 127.5 million till June 28, 2012. The subsidiary company had paid the original tax amounting EGP 104 million on October 3, 2012 with a seizure on the payment until the Sales Tax Authority ceases all procedures taken accordingly the Port Authority will cease all procedures taken against the subsidiary, including the cancellation of the seizure imposed on the banks' balances of the subsidiary.

The subsidiary company had paid the additional tax claimed for amounting to EGP 127.5 million with a seizure on the payment, accordingly the Port Authority has contacted the banks to the administrative detention imposed on the subsidiary balances at banks in favor of the Port Authority.

The subsidiary company's management based on the opinion of its tax advisor believes that the General Authority of Alexandria Port do not have the right to claim for the sales tax on the right of use of mineral materials dock's equipment related to handling of raw material in Dekheila port, the occupancy of allocated yards and performing the operation and maintenance for these equipment as they are not subject to sales tax. The payments made in the present or future to the General Authority of Alexandria Port, as tax on this service do not indicate the subsidiary's approval for imposing such taxation as the subsidiary will continue its litigation process to confirm the fact that such service is not subject to sales tax.

4- As detailed in Note No (23) in the notes to the consolidated interim financial statements the the company still holds treasury stocks which was acquired more than a year ago at a value of 10.4 million Egyptian Pounds which is in violation of Article No. 48 of Companies Law No. 159 For The 1981, which requires the company to either sell its treasury stocks treasury held or dispose them by reducing the company's capital by the nominal value of the treasury stocks held within a year of its acquisition.

Cairo, Egypt
September 8, 2022

Sherin Noureldin
(RAA 6809)
(EFSA 88)
Moore Egypt

Translation From Arabic

Consolidated Interim Statement Of Financial Position

	Note No.	30/6/2022	31/12/2021
Non-Current Assets			
Fixed Assets (Net)	(11-1)	21 659 694	22 202 469
Projects Under Construction	(12)	2 125 457	1 585 312
Long Term Investments	(13)	2 510 081	5 621
Deferred Tax Assets	(31-1)	1 182 473	1 258 053
Long Term Lending To Others	(14)	56 307	47 632
Other Assets	(15)	28 174	30 735
Goodwill	(40-9)	315 214	315 214
Total Non-Current Assets		**27 877 400**	**25 445 036**
Current Assets			
Inventory	(16)	12 120 899	9 518 954
Trade And Notes Receivable	(17)	4 542 381	4 795 988
Debtors And Other Debit Balances	(18)	5 544 098	5 849 771
Suppliers - Advance Payments		839 065	802 659
Investments In Treasury Bills	(40-8)	270 485	132 261
Cash And Cash Equivalents	(20)	4 448 597	3 479 155
Total Current Assets		**27 765 525**	**24 578 788**
Total Assets		**55 642 925**	**50 023 824**
Shareholders' Equity			
Issued And Paid - Up Capital	(21-2)	2 716 325	2 716 325
Reserves	(22)	182 090	182 090
Modification Surplus Of Fixed Assets	(11-3)	1 280 659	1 335 620
Retained Losses		(9 804 765)	(11 901 253)
Treasury Stocks	(23)	(82 302)	(82 302)
Deficit In Holding Company Shareholders' Equity		**(5 707 993)**	**(7 749 520)**
Non-Controlling Interest		5 212 215	4 162 472
Deficit In Shareholders' Equity		**(495 778)**	**(3 587 048)**
Liabilities			
Non-Current Liabilities			
Long-Term Loans	(28)	13 796 549	12 432 596
Long-Term Liabilities	(30)	3 532 270	3 436 595
Finance Lease Liabilities	(29)	250 282	291 211
Deferred Tax Liabilities	(31-1)	3 654 665	3 643 486
Total Non-Current Liabilities		**21 233 766**	**19 803 888**
Current Liabilities			
Banks - Overdraft	(20)	1 530 363	270 398
Credit Facilities And Loan Installments Due Within One Year	(28)	20 588 911	22 132 212
Finance Lease Liabilities Due Within One Year	(29)	78 134	73 321
Trade And Notes Payable	(24)	5 502 359	5 301 611
Customers - Advance Payments		1 369 468	1 708 783
Creditors And Other Credit Balances	(25)	3 636 848	2 686 292
Income Tax Liabilities		1 320 916	929 489
Liability Of The Supplementary Pension Scheme	(26)	26 485	25 101
Provisions	(27)	851 453	679 777
Total Current Liabilities		**34 904 937**	**33 806 984**
Total Liabilities		**56 138 703**	**53 610 872**
Total Shareholder'S Equity And Liabilities		**55 642 925**	**50 023 824**

The accompanying notes from no. (1) to no. (41) form are an integral part of these consolidated Interim financial statements.
Independent Auditor's Report "attached"
Date : September 8, 2022

Managing Director	Chairman
Mr. Hassan Ahmed Nouh	Acc./ Mamdouh Fakhr El Dien Hussein El Rouby

EZZ STEEL CO. S.A.E.
ezzsteel
حديد عز
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Translation From Arabic

Consolidated Interim Statement Of Income

		For The Six Months Ended :		For The Three Months Ended :	
	Note No.	30/6/2022 EGP,000	30/6/2021 EGP,000	30/6/2022 EGP,000	30/6/2021 EGP,000
Sales (Net)	(40-18)	38 496 595	30 417 194	19 856 077	16 918 816
Less :					
Cost Of Sales	(3)	(28 238 420)	(24 036 953)	(14 201 318)	(13 408 526)
Gross Profit		**10 258 175**	**6 380 241**	**5 654 759**	**3 510 290**
Add / (Less):					
Other Operating Revenues	(4)	75 442	46 094	43 935	15 111
Selling And Marketing Expenses	(5)	(572 652)	(438 589)	(337 536)	(225 295)
Administrative And General Expenses	(6)	(842 615)	(686 521)	(447 343)	(363 913)
Other Operating Expenses	(7)	(699 073)	(761 742)	(311 642)	(456 298)
Operating Profit		**8 219 277**	**4 539 483**	**4 602 173**	**2 479 895**
Add / (Less):					
Finance Income	(8)	125 691	56 471	68 679	34 795
Finance Cost	(8)	(1 641 982)	(1 764 412)	(855 545)	(895 347)
Foreign Currency Exchange (Losses) / Gains	(8)	(1 126 584)	88 247	6 695	56 979
Net Finance Cost		**(2 642 875)**	**(1 619 694)**	**(780 171)**	**(803 573)**
Net Profit For The Period Before Income Tax		**5 576 402**	**2 919 789**	**3 822 002**	**1 676 322**
(Less)/Add:					
Income Tax		(1 359 870)	(190 663)	(799 385)	(172 440)
Deferred Tax	(31-2)	(86 759)	(331 872)	(109 814)	(294 544)
Total Tax Expense		**(1 446 629)**	**(522 535)**	**(909 199)**	**(466 984)**
Net Profit For The Period After Tax		**4 129 773**	**2 397 254**	**2 912 803**	**1 209 338**
Attributable To:					
Owners Of The Holding Company		2 600 977	1 583 535	1 842 123	799 789
Non-Controlling Interest		1 528 796	813 719	1 070 680	409 549
		4 129 773	**2 397 254**	**2 912 803**	**1 209 338**
Basic And Diluted Earnings Per Share For The Period (Le/Share)	(9)	**4.88**	**2.97**	**3.46**	**1.50**

- The accompanying notes from no. (1) to no. (41) form are an integral part of these consolidated Interim financial statements.

Translation From Arabic

Consolidated Interim Statement Of Comprehensive Income

	Note No.	For The Six Months Ended : 30/6/2022 EGP,000	30/6/2021 EGP,000	For The Three Months Ended : 30/6/2022 EGP,000	30/6/2021 EGP,000
Net Profit For The Period After Tax		**4 129 773**	**2 397 254**	**2 912 803**	**1 209 338**
(Less)/Add:					
Other Comprehensive Income Items					
Realized Portion Of Modification Surplus Of Fixed Assets (Transferred To Retained Losses During The Period)	(11-3)	(84 806)	(85 887)	(42 377)	(42 762)
Total Comprehensive Income		**4 044 967**	**2 311 367**	**2 870 426**	**1 166 576**
Attributable To:					
Owners Of The Holding Company		2 546 016	1 527 833	1 814 660	772 058
Non-Controlling Interest		1 498 951	783 534	1 055 766	394 518
		4 044 967	**2 311 367**	**2 870 426**	**1 166 576**

- The accompanying notes from no. (1) to no. (41) form are an integral part of these consolidated interim financial statements.

Consolidated Interim Statement Of Changes In Equity

Translation From Arabic

	Capital	Reserves	Modification Surplus Of Fixed Assets	Retained Losses	Treasury Stocks	Total / (Deficit In) Holding Company Shareholders Equity	Non-Controlling Interest	Total / (Deficit In) Shareholders' Equity
	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000
Balance At 1/1/2021	2 716 325	182 090	1 446 615	(15 527 223)	(71 921)	(11 254 114)	2 291 033	(8 963 081)
Comprehensive Income								
Net Profit For The Period	—	—	—	1 583 535	—	1 583 535	813 719	2 397 254
Other Comprehensive Income								
Realized Portion Of Modification Surplus Of The Fixed Assets(Transferred To Retained Losses During The Period)	—	—	(55 702)	—	—	(55 702)	(30 185)	(85 887)
Total Comprehensive Income	—	—	(55 702)	1 583 535	—	1 527 833	783 534	2 311 367
Realized Portion Of Modification Surplus Of Fixed Asset(Transferred To Retained Losses During The Period)	—	—	—	55 702	—	55 702	30 185	85 887
Transactions With Company's Shareholders								
The Non-Controlling Interest Share In Subsidary Company'S Dividends Of Period 2020	—	—	—	(5 830)	—	(5 830)	(4 333)	(10 163)
Purchase Treasury Stocks	—	—	—	—	(10 381)	(10 381)	—	(10 381)
Purchase Treasury Stocks In Subsidiary Company	—	—	—	(3 093)	—	(3 093)	(1 734)	(4 827)
Total Transactions With The Company's Shareholders	—	—		(8 923)	(10 381)	(19 304)	(6 067)	(25 371)
Balance At 30/6/2021	2 716 325	182 090	1 390 913	(13 896 909)	(82 302)	(9 689 883)	3 098 685	(6 591 198)
Balance At 1/1/2022	2 716 325	182 090	1 335 620	(11 901 253)	(82 302)	(7 749 520)	4 162 472	(3 587 048)
Comprehensive Income								
Net Profit For The Period	—	—	—	2 600 977	—	2 600 977	1 528 796	4 129 773
Other Comprehensive Income Items								
Realized Portion Of Modification Surplus Of The Fixed Assets (Transferred To Retained Losses During The Period)	—	—	(54 961)	—	—	(54 961)	(29 845)	(84 806)
Total Comprehensive Income	—	—	(54 961)	2 600 977	—	2 546 016	1 498 951	4 044 967
Realized Portion Of Modification Surplus Of The Fixed Assets(Transferred To Retained Losses During The Period)	—	—	—	54 961	—	54 961	29 845	84 806
Transactions With Company's Shareholders								
Dividends To Shareholders Of The Company And Its Subsidiaries For The Year 2021	—	—	—	(426 313)	—	(426 313)	(422 462)	(848 775)
The Share Of The Company And Non-Controlling Interest In The Employees And Boards Of Directors Dividends Of The Company And Its Subsidiaries For Year 2021	—	—	—	(133 137)	—	(133 137)	(56 591)	(189 728)
Total Transactions With The Company's Shareholders	—	—	—	(559 450)	—	(559 450)	(479 053)	(1 038 503)
Balance At 30/6/2022	2 716 325	182 090	1 280 659	(9 804 765)	(82 302)	(5 707 993)	5 212 215	(495 778)

- The accompanying notes from no. (1) to no. (41) form are an integral part of these consolidated Interim financial statements.

Translation From Arabic

Consolidated Interim Statement Of Cash Flows

	Note No.	30/6/2022 EGP,000	30/6/2021 EGP,000
Cash Flows From Operating Activities			
Net Profit For The Period Before Income Tax		5 576 402	2 919 789
Adjustments To Reconcile Net Profit To Net Cash Provided By (Used In) Operating Activities			
Depreciation	(11-1)	724 972	730 589
Amortization Of Other Assets	(15)	2 561	2 561
Amortization Of Accrued Interest On Treasury Bills		(9 596)	(14 942)
Amortization Of The Difference From The Change In The Fair Value Of The Long Term Lending		—	(914)
Capital (Losses)	(4)	—	(785)
Impairment Loss On Assets	(7)	35 164	23 132
Interest & Finance Costs	(8)	1 641 982	1 764 412
Provisions Formed During The Period	(7)	193 211	131 000
Differences Of Changing In Liability Of The Supplementary Pension Scheme	(26)	24 210	15 731
Foreign Currency Exchange Differences		1 417 509	(81 517)
		9 606 415	**5 489 056**
Changes In:			
Inventory		(2 601 945)	(3 442 754)
Trade Receivables, Debtors & Other Debit Balances		(148 032)	(237 714)
Trade Payables, Creditors & Other Credit Balances		149 456	(1 327 049)
Change In Lending To Employees		(8 676)	(4 646)
Liability Of The Supplementary Pension Scheme		(5 418)	(2 653)
Cash Flows Provided By Operating Activities		**6 991 800**	**474 240**
Finance Interests Paid		(1 555 927)	(1 662 779)
Income Tax Paid		(181 494)	(34 304)
Used Provisions		(21 535)	—
Paid Dividends To Employees & Board Of Directors		(189 562)	—
Net Cash Flows Provided By (Used In) Operating Activities		**5 043 282**	**(1 222 843)**
Cash Flows From Investing Activities			
(Payments) For Purchase Of Fixed Assets And Projects Under Construction		(722 341)	(504 047)
Proceeds From Sale Of Fixed Assets		—	825
(Payments) For Purchase Of Investments In Subsidiaries		(1 254 501)	(900)
(Payments) For Purchase Treasury Stocks		—	(15 208)
(Payments) From Retrieval Of Financial Investments (Treasury Bills)		161 900	92 402
(Payments) For Purchase Of Financial Investments (Treasury Bills)		(290 527)	(94 525)
Net Cash Flows (Used In) Investing Activities		**(2 105 469)**	**(521 453)**
Cash Flows From Financing Activities			
Proceeds / (Payments) For Credit Facilities		219 067	119 318
(Payments) / Proceeds From Loans And Other Liabilities		(2 562 576)	1 437 698
Finance Lease Payments		(36 116)	(33 515)
Change In Time-Deposits And Restricted Current Accounts		(617 340)	7 144
Paid Dividends To The Shareholders And Non-Controlling Interest		(848 711)	(8 977)
Net Cash (Used In) / Provided By Financing Activities		**(3 845 676)**	**1 521 668**
Change In Cash And Cash Equivalents During The Period		**(907 863)**	**(222 628)**
Cash And Cash Equivalents At The Beginning Of The Period	(20)	3 076 698	1 926 864
Cash And Cash Equivalents At The End Of The Period	(20)	**2 168 835**	**1 704 236**

- The accompanying notes from no. (1) to no. (41) form are an integral part of these consolidated Interim financial statements.

Notes To The Consolidated Interim Financial Statements

1. Company Background

1.1 General Information

- Al Ezz Steel Rebars Company "S.A.E" was established under the provisions of Law No. 159 of 1981 and was registered in the Commercial Register in Menofia Governorate under No. 472 on April 2, 1994. The preliminary establishment contract and the Company's statute were published in the Companies' Gazette issue No. 231 of 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 October 24, 2018, the Company's Extraordinary General Assembly decided to extend the company's term for another 25 years starting from April 2, 2019. The necessary procedures are being taken to amend the Company's Commercial Register in this regard.
- The Extra-ordinary General Assembly in its meeting dated October 3, 2009 approved to change the Company's name to "Ezz Steel", this amendment was registered in the Commercial Registry on November 1, 2009.
- 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 Subsidiaries

Al Ezz El Dekheila for Steel - Alexandria (EZDK) – S.A.E – was established in 1982 as a Joint Investment Company under Law No. 43 of 1974 which was replaced by Law No. 8 of 1997, adjusted by Law No. 72 of 2017 by issuance investment law.

Al Ezz El Dekheila for Steel - Alexandria (EZDK) has the following subsidiaries:

Al Ezz Rolling Mills Company (ERM) – S.A.E – was established in 1986 under Law No. 43 of 1974, which was replaced by Law No. 8 of 1997, which was replaced by Law No. 72 of 2017 by issuance investment law.

Al Ezz Flat Steel Company (EFS) – S.A.E – was established in 1998 under the provisions of the Investment Guarantees and Incentives Law No. 8 of 1997, which was replaced Law No. 72 of 2017 by issuance investment law.

Iron for Industrial, Trading and Constructing Steel Company (Contra Steel) – S.A.E – was established according to the decree of the specialized committee in the Ministry of Economy and Foreign Trade (corporate fine) under the provisions of Law No. 159 of 1981.

Misr for Pipes & Casting Industry Company – S.A.E – was established in August 29, 1992 under the provisions of Law No. 159 of 1981.

1.3 Company's Activites & Its Subsidiaries

The Company and its subsidiaries purpose is the manufacturing, trading and distribution of iron and steel products of all kinds and associated products and services.

The following is an analysis of investments in the subsidiary Companies of Ezz Steel Company which are included in the Consolidated interim financial statements:

	30/6/2022 Shareholding %	31/12/2021 Shareholding %
Al Ezz El Dekheila For Steel - Alexandria (EZDK)	64.06 Direct	64.06 Direct
Al Ezz Rolling Mills Company (ERM)	64.061 (Direct and Indirect) through Al Ezz El Dekheila	64.061 (Direct and Indirect) through Al Ezz El Dekheila
Al Ezz Flat Steel (EFS)	64.06 (Direct & Indirect) Through Al Ezz El Dekheila	64.06 (Direct & Indirect) Through Al Ezz El Dekheila
Iron for Industrial, Trading and Constructing Steel Company (Contra Steel)	57.657 (Indirect) Through Al Ezz El Dekheila	57.657 (Indirect) Through Al Ezz El Dekheila
Misr for Pipes & Casting Industry Company	55.16 (Indirect) Through Al Ezz El Dekheila	55.16 (Indirect) Through Al Ezz El Dekheila

The Main Financial Indicators For The Company And Some Of Its Subsidiaries:

- The subsidiaries company have incurred retained losses amounted to L.E 9.8 Billion as of June 30, 2022 included in company's consolidated interim statement of financial position, also its liabilities exceed its assets (Deficit in Shareholder's Equity) with an amount of L.E 496 Million at that date, as Al Ezz Flat Steel company (EFS) -subsidiary company- achieved a net profit of 992.4 million L.E, which led to a decrease in the total retained losses until June 30, 2022 to 8.5 billion L.E, which deferred tax asset was recognized for it at that date with an amount of LE 255 Million, Also Al Ezz Rolling Mills company (ERM) -subsidiary company- has incurred accumulated retained losses till June 30, 2022 amounted to LE 6.218 Billion, which deferred tax asset was recognized for it at that date with an amount of LE 627 Million, hence the total amount of these deferred tax assets is amounted to LE 882 Million stated in deferred tax assets in the consolidated statement of financial position at that date. The subsidiaries management has prepared a budget for the years from 2021 to 2026 in which it adopts the achievement of profit and improves the results of operations during these years, in addition to a plan of obtaining the support and financing required for operations from Al Ezz El Dekheila For Steel – Alexandria (subsidiary company), which will reflect positively on the operational and financial indicators in the subsequent years, and to have the tax benefits of the tax carried forward losses.

1.4 Issuance Of Consolidated Interim Financial Statements

- These Consolidated interim financial statements were approved by the company's BOD for issuance on September 8, 2022.

2. Basis For The Preparation Of The Consolidated Interim Financial Statements

2.1 Statement Of Compliance

These Consolidated interim financial statements have been prepared in accordance with Egyptian Accounting Standards and in light of Egyptian laws and regulations related to.

2.2 Basis Of Measurement

These Consolidated interim financial statements are prepared on the historical cost convention, except for assets and liabilities which are measured at fair value.
During 2016, the Group's management adopted the special accounting treatment stated in annex (A) of the modified Egyptian Accounting Standard No. (13) "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. 40-2).

2.3 Functional & Presentation Currency

These Consolidated interim financial statements are presented in thousands of Egyptian pounds

2.4 Use Of Estimates & Judgments

The preparation of the Consolidated interim financial statements in conformity with Egyptian Accounting Standards requires the management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses and the actual results may differ from these estimates.
The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the current circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities. Actual results may differ from these estimates.
The estimates and underlying assumptions are reviewed on an ongoing basis. Any differences to accounting estimates are recognized in the period in which the estimate is revised if these differences affect the period of the revision and future periods then these differences are recognized in the period of the revision and future periods.

And the following represents the most significant items in which assumption and professional judgment have been made:

* Impairment loss on assets.
* Recognition of deferred tax assets.
* Contingencies, liabilities and Provisions.
* Operational useful life of fixed assets.
* Classification of lease contracts
* Revenue recognition: Revenue is recognized in accordance with what is detailed in the applicable accounting policies.

2.5 Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will occur either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants would act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by making the asset's best and best use or selling it to another participant who will use the asset in its best and best use.
The Company uses valuation techniques that are considered appropriate in the circumstances and for which sufficient information is available to measure fair value, while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.
All assets and liabilities that are measured or disclosed in the separate financial statements at fair value are categorized into the categories of the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the entire measurement over the fair value measurement as a whole:
•Level one: the quoted prices (unadjusted) in an active market for identical assets or liabilities.
•Level Two: Evaluation Methods The lowest level input that is considered significant for the entire measurement is directly or indirectly observable.
• Level Three: Evaluation Methods the lowest level input that is significant to the entire measurement is unobservable.

2.6 Basis Of Consolidation

- The Consolidated interim financial statements include assets, liabilities and result of operations of Ezz Steel Company (Holding Company) and all subsidiary companies which are controlled by the Holding Company, the Company controls an entity when it is exposed to, or has right to, variable returns from its involvement with the entity and has ability to affect those returns through its power over the investee.
- All inter-Company balances, transactions and unrealized profits were eliminated.
- Non-controlling interest in the net equity and in net earnings of subsidiaries are included in a separate item "non-controlling interest" in the Consolidated interim financial statements, and is calculated to be equivalent to their share in the carrying amount of the subsidiaries net assets at the date of the Consolidated interim financial statements. Non-controlling share in profits and losses of the subsidiary companies are included in a separate line item in the consolidated statement of income.
- The provided profit and losses from acquisition or selling shares from non-controlling interest without changing of the holding Company's control, it's directly stated in the shareholders' equity.

3. Cost Of Sales

	Note	For The Six Months Ended: 30/6/2022 EGP,000	30/6/2021 EGP,000	For The Three Months Ended: 30/6/2022 EGP,000	30/6/2021 EGP,000
Raw Materials		20 300 119	17 986 507	11 413 602	9 898 615
Salaries & Wages		1 319 241	1 122 379	652 973	596 330
Fixed Assets Depreciation	(11-1)	705 084	709 240	353 280	354 823
Other Assets Amortization	(15)	2 561	2 561	1 280	1 280
Supplementary Pension Scheme Cost		19 028	12 432	9 514	6 216
Manufacturing Overhead Expenses		7 945 984	5 931 617	4 082 300	2 967 432
Manufacturing Cost		**30 292 017**	**25 764 736**	**16 512 949**	**13 824 696**
Change In Inventory–Finished Products And Work In Process		(2 053 597)	(1 727 783)	(2 311 631)	(416 170)
Total Cost Of Sales		**28 238 420**	**24 036 953**	**14 201 318**	**13 408 526**

4. Other Operating Revenues

	For The Six Months Ended: 30/6/2022 EGP,000	30/6/2021 EGP,000	For The Three Months Ended: 30/6/2022 EGP,000	30/6/2021 EGP,000
Capital Gain	-	785	-	785
Other Revenues	75 442	45 309	43 935	14 326
Total Other Operating Revenues	**75 442**	**46 094**	**43 935**	**15 111**

5. Selling & Marketing Expenses

	Note No.	For The Six Months Ended: 30/6/2022 EGP,000	30/6/2021 EGP,000	For The Three Months Ended: 30/6/2022 EGP,000	30/6/2021 EGP,000
Salaries & Wages		65 585	58 670	31 488	30 043
Advertising Expenses		140 566	51 324	115 747	24 609
Fixed Assets Depreciation	(11-1)	304	372	148	167
Supplementary Pension Scheme Cost		1 345	879	672	440
Other Expenses		364 852	327 344	189 481	170 036
Total Selling & Marketing Expenses		**572 652**	**438 589**	**337 536**	**225 295**

6. Administrative & General Expenses

	Note No.	For The Six Months Ended: 30/6/2022 EGP,000	30/6/2021 EGP,000	For The Three Months Ended: 30/6/2022 EGP,000	30/6/2021 EGP,000
Salaries & Wages		512 184	411 083	276 158	215 147
Spare Parts And Maintenance Expenses		4 751	3 917	2 942	2 893
Fixed Assets Depreciation	(11-1)	19 584	20 977	9 311	10 262
Supplementary Pension Scheme Cost		3 836	2 281	2 091	1 141
Other Expenses		302 260	248 263	156 841	134 470
Total Administrative & General Expenses		**842 615**	**686 521**	**447 343**	**363 913**

7. Other Operating Expenses

	Note No.	For The Six Months Ended: 30/6/2022 EGP,000	30/6/2021 EGP,000	For The Three Months Ended: 30/6/2022 EGP,000	30/6/2021 EGP,000
Donations		385 174	250 786	268 437	183 406
Impairment Of Assets	(19)	35 164	23 132	2 146	10 000
Provisions Formed During The Period	(27)	193 211	131 000	23 399	86 000
Other Expenses		85 524	356 824	17 660	176 892
Total Other Operating Expenses		**699 073**	**761 742**	**311 642**	**456 298**

8. Finance Income & Cost

	For The Six Months Ended:		For The Three Months Ended:	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
	EGP,000	EGP,000	EGP,000	EGP,000
Finance & Interest Income	125 691	56 471	68 679	34 795
Interest & Finance Cost	(1 641 982)	(1 764 412)	(855 545)	(895 347)
Foreign Currency Exchange Differences (Losses) Gains	(1 126 584)	88 247	6 695	56 979
Net Finance Costs	**(2 642 875)**	**(1 619 694)**	**(780 171)**	**(803 573)**

9. Basic & Diluted Earnings Per Share For The Period

	For The Six Months Ended:		For The Three Months Ended:	
	30/6/2022	30/6/2021	30/6/2022	30/6/2021
Owners Of The Company Share	EGP,000	EGP,000	EGP,000	EGP,000
Net Profit For The Period	2 600 977	1 583 535	1 842 123	799 789
Weighted Average Number Of Outstanding Shares During The Period (Share)*	532 891 832	532 891 832	532 891 832	532 891 832
Basic And Diluted Earnings Per Share For The Period (LE / Share)	**4.88**	**2.97**	**3.46**	**1.50**

* There's discount for 10 373 195 shares were eliminated for calculating the weighted average number of outstanding shares during the six months ended June 30, 2022 which represent treasury stocks (comparing to 10 373 195 shares on December 31, 2021) (Note no. 23).

10. Employee Benefits

- The employees of the company and some of its subsidiaries 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 parent company and some of its subsidiary companies for the six months ended June 30, 2022 amounted to L.E 16 507 K has been included in salaries and wages in the statement of income (against L.E 14 654 K for the same period from year 2021).

11. Fixed Assets

11.1 The Following Is The Movement Of Fixed Assets During The Current Period & Comparative Period:

	Land	Buildings	Machinery & Equipment	Vehicles	Furniture & office Equipment	Tools & Appliances	Leasehold Improvments	Total
	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000	EGP,000
Cost:								
At January 1, 2021	779 274	9 993 755	35 832 239	313 084	478 244	244 961	3 902	47 645 459
Additions During The Period	2 065	18 340	159 028	-	5 281	6 958	-	191 672
Disposals During The Period	-	(1 174)	(7 415)	(4 337)	(1 937)	(2 803)	-	(17 666)
At June 30, 2021	781 339	10 010 921	35 983 852	308 747	481 588	249 116	3 902	47 819 465
At January 1, 2022	782 141	10 021 982	36 079 210	308 903	494 192	275 049	3 902	47 965 379
Additions During The Period	-	4 446	144 900	-	12 377	20 474	-	182 197
Disposals During The Period	-	-	(927)	(230)	(176)	(13)	-	(1 346)
At June 30, 2022	782 141	10 026 428	36 223 183	308 673	506 393	295 510	3 902	48 146 230
Accumulated Depreciation:								
At January 1, 2020	-	3 103 506	20 498 065	297 968	286 901	163 314	3 902	24 353 656
Depreciation For The Period	-	116 515	577 985	3 381	22 250	10 458	-	730 589
Accumulated Depreciation Of Disposals During The Period	-	(1 174)	(7 374)	(4 337)	(1 937)	(2 803)	-	(17 625)
At June 30, 2021	-	3 218 847	21 068 676	297 012	307 214	170 969	3 902	25 066 620
At January 1, 2022	-	3 332 358	21 615 149	299 750	328 786	182 965	3 902	25 762 910
Depreciation For The Period	-	114 912	573 815	3 043	20 309	12 893	-	724 972
Accumulated Depreciation Of Disposals During The Period	-	-	(927)	(230)	(176)	(13)	-	(1 346)
At June 30, 2022	-	3 447 270	22 188 037	302 563	348 919	195 845	3 902	26 486 536
Carrying Amount:								
At June 30, 2021	781 339	6 792 074	14 915 176	11 735	174 374	78 147	-	22 752 845
At December 31, 2021	782 141	6 689 624	14 464 061	9 153	165 406	92 084	-	22 202 469
At June 30, 2022	782 141	6 579 158	14 035 146	6 110	157 474	99 665	-	21 659 694
Fixed Assets Fully Depreciated & Still In Use At June 30, 2022	-	561 572	2 202 623	277 427	196 974	125 627	3 902	3 368 125

- The land item includes a piece of land with a total area of 928000 M² purchased by Ezz flat steel from Gulf of Suez Development Company with a total value LE 28 Million including the Suez governorate fees amounting to LE 5 Million for the purpose of establishing an industrial project the final payment was made on 15/10/2010 and currently the procedures to register the land under the company's name are in process.
- Al Ezz El Dekheila For Steel - Alexandria - subsidiary - company is still completing the registration procedures for some of the land purchased from different parties.
- Al Ezz Rolling Mills company has not registered the new factory land in Al Ain El Sokhna under the company's name till now which amounted to LE 29.64 Million.
- Depreciation for the period charged to the statement of income is as follows:

	Note No.	For The Six Months Ended: 30/6/2022	30/6/2021
		EGP,000	EGP,000
Cost Of Sales	(3)	705 084	709 240
Selling & Marketing Expenses	(5)	304	372
Administrative & General Expenses	(6)	19 584	20 977
		724 972	730 589

11.2 Leased Fixed Assets:

Fixed assets include leased assets as of June 30, 2022 as follows:

	Cost At 30/6/2022 EGP,000	Accumulated Depreciation At 30/6/2022 EGP,000	Net At 30/6/2022 EGP,000	Net At 2021/12/31 EGP,000
Land *	70 000	-	70 000	70 000
Building **	145 000	22 354	122 646	124 458
	215 000	**22 354**	**192 646**	**194 458**

* 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. (29), 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 a finance lease contracts for two floors in Nile Plaza building for 8 years ending 2024 as shown in note no. (29).

11.3 The following is the movement during the period for modification surplus of fixed assets which is resulting from the adoption of the special accounting treatment related to dealing with the effects of floating foreign currency exchanges rates which is included in Annex (A) of the Modified Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates":

	EGP,000
Modification Surplus Of Fixed Assets At Floating Foreign Exchange Rate Date (November 3, 2016)	4 013 795
Income Tax	(903 104)
Net Modification Surplus Of Fixed Assets After Income Tax	**3 110 691**
Recognized Portion Till **December 31, 2021**	(1 040 995)
Net Modification Surplus Of Fixed Assets At June 30, 2022	**2 069 696**
Recognized Portion During The Six Months Ended June 30, 2022	(84 806)
Net Modification Surplus Of Fixed Assets At June 30, 2022	**1 984 890**
Attributable To:	
Owners Of The Holding Company	1 280 659
Non-Controlling Interest	704 231
	1 984 890

12. Projects Under Construction

	30/6/2022 EGP,000	31/12/2021 EGP,000
Constructions Expansion	5 530	4 820
Machinery Under Installation	2 109 939	1 565 720
Advance Payments For Purchase Of Fixed Assets	9 988	14 772
Total Projects Under Construction	**2 125 457**	**1 585 312**

13. Long Term Investments

	30/6/2022 EGP,000	31/12/2021 EGP,000
13-1 Investments In Subsidiaries		
(Not Included In The Consolidated Interim Financial Statements)		
- Al Ezz For Medical Industries (30% Owned By Ezz Steel Company And 30% By Al Ezz El Dekheila For Steel – Egypt (EZDK) The Subsidiary Company Was Established On August 11, 2020, The Company Did Not Practice Any Activities Yet To Date, And The Company Hasn't Prepared Any Financial Statements Yet.	6 000	1 500
13-2 Investments In Associates		
- Egyptian German Co. For Flat Steel Marketing (Franco) (L.L.C) (Under Liquidation) (50% Owned By Al Ezz El Dekheila For Steel – Alexandria)	90	90
- Al Ezz El Dekheila For Steel – Egypt (EZDK) (50% Owned By Al Ezz El Dekheila For Steel – Alexandria)	25	25
- Ezdk Steel Uk Ltd (50% Owned By Al Ezz El Dekheila For Steel – Alexandria)	1	1
13-3 Investments Available-For-Sale		
- Egyptian Steel (18% By Al Ezz El Dekheila For Steel – Egypt (EZDK)	2 499 960	-
- Arab Company For Special Steel (SAE) (1% Owned By Ezz El Dekheila For Steel – Alexandria).	4 263	4 263
- The Egyptian Company For Cleaning And Security Services (30.80% Owned By Al Ezz Steel Company)	80	80
- Atlantic Pacific Transport Ltd. (5% Owned By Iron For Industrial, Trading And Constructing Steel Company (Contra Steel)).	4 016	4 016
	2 514 435	**9 975**
Less:		
- Impairment Loss In Arab Company For Special Steel	4 263	4 263
- Impairment Loss In EZDK Steel UK LTD	1	1
- Impairment Loss In Egyptian German Co. For Flat Steel Marketing (Franco) L.L.C (Under Liquidation)	90	90
Impairment Loss In Long Term Investments (Note No.19)	**4 354**	**4 354**
	2 510 081	**5 621**

14. Long Term Lending To Other

Long Term Lending Is Represented In The Following:

	Note No.	30/6/2022 EGP,000	31/12/2021 EGP,000
Employees' Advance Payments		91 474	77 172
Employees' Loans Present Value		31 892	28 469
		123 366	105 641
Less:			
Employees' Loans And Advances Due Within The Year	(18)	(57 588)	(48 538)
Long Term Employees' Loans And Advances		65 778	57 103
Less:			
Differences Resulted From Change In The Fair Value Of Long-Term Employees' Loans		(9 471)	(9 471)
		56 307	**47 632**

15. Other Assets

The amount is represented in the paid-up amount by Al Ezz Flat Steel Company (EFS) – subsidiary company – to Industrial Development Authority for the approval of the steel rebar production license:

	EGP,000
Cost At January 1, 2022	30 735
(Less):	
Amortization For The Period	(2 561)
Net At June 30, 2022	**28 174**

16. Inventory

	30/6/2022 EGP,000	31/12/2021 EGP,000
Raw Materials And Supplies	4 961 154	4 524 310
Work In Process	908 390	704 873
Finished Products	4 071 394	2 221 314
Spare Parts And Supplies	1 879 682	1 835 844
Goods In Transit	1 288	160 923
Letters Of Credit	298 991	71 690
Total Inventory	**12 120 899**	**9 518 954**

17. Trade & Notes Receivable

	Note No.	30/6/2022 EGP,000	31/12/2021 EGP,000
Trade Receivables		2 268 983	2 771 711
Trade Receivables – Related Parties	(32-1)	9 171	9 048
Notes Receivable		2 304 786	2 055 788
		4 582 940	**4 836 547**
Less:			
Impairment Loss On Trade Receivables	(19)	(40 559)	(40 559)
Total Trade & Notes Receivable		**4 542 381**	**4 795 988**

18. Debtors & Other Debit Balances

	Note No.	30/6/2022 EGP,000	31/12/2021 EGP,000
Deposits With Others		1 272 585	1 272 913
Tax Authority	(18-1)	1 288 504	1 892 355
Tax Authority – Usufruct	(18-2)	127 477	127 477
Tax Authority – Vat		1 083 683	1 227 071
Customs Authority		319 208	182 728
Accrued Revenues		24 450	761
Prepaid Expenses		43 850	68 648
Alexandria Port Authority		19 570	19 570
Employees' Loans And Advance Payments Due Within A Year	(14)	57 588	48 538
Letters Of Credit Cash Margin		5 961	7 212
Letters Of Guarantee Cash Margin	(33-1)	165	1 315
Due From Related Parties	(32-2)	41 409	34 849
Advance Payment Under The Account Of Employees' Dividends		2 475	53 522
The Cairo Economic Court	(18-3)	35 060	35 060
Other Debit Balances	(18-4)	1 350 168	970 643
		5 672 153	**5 942 662**
Less:			
Impairment Loss On Debtors & Other Debit Balances	(19)	(128 055)	(92 891)
Total Debtors & Other Debit Balances		**5 544 098**	**5 849 771**

18-1 The Tax Authority balances include an amount of LE 254 Million represents an advance payment under the account of scheduling the tax claims of Al Ezz El Dekheila for Steel – Alexandria – a subsidiary with respect to the flat steel projects penalties and fines for years 2000/2004 according to what is mentioned in detail in Note no. (35-3-1) in addition to an amount of LE 215 Million which represents the advance payment under the account of corporate tax inspection differences of Al Ezz El Dekheila for Steel - Alexandria for years 2005/2008. and amount of LE 25 Million paid under the income tax account from 2014 to 2017.

18-2 Tax Authority – usufruct balances represent the value of advance payments of additional sales tax for the usufruct for Al Ezz El Dekheila for Steel – Alexandria – company on the mining ores dock and storing area in El Dekheila Port which is amounted to LE 127.5 Million – (Note no. 38).

18-3 The Cairo Economic Court balance represents the amount due to the company in the previously paid amounts after deducting the penalties that judged in the misdemeanour No. 368 of the year 2013 related to the monopoly of Steel Bars product against some officials of the group companies that the Court of Cassation issued on November 25, 2014 which is amounted to LE 20.5 Million and the legal procedures are in process to redeem this amount from the court.

18-4 The other debit balances item includes an amount of LE 49.5 Million represents 15% of the license related to the second production line which Ezz Rolling Mills Company- a subsidiary company- paid on February 2012.

19. Impairment Loss On Assets

Impairment Loss On:	Note No.	1/1/2022 EGP,000	Formed During The Period EGP,000	30/6/2022 EGP,000
Long Term Investments	(13)	4 354	-	4 354
Trade And Notes Receivable	(17)	40 559	-	40 559
Debtors And Other Debit Balances	(18)	92 891	35 164	128 055
Advance Payments For Suppliers		2 332	-	2 332
Total Impairment Loss On Assets		**140 136**	**35 164**	**175 300**

20. Cash & Cash Equivalents

	30/6/2022 EGP,000	31/12/2021 EGP,000
Banks - Time Deposits	78 762	243 960
Banks – Current Accounts	4 150 842	3 069 795
Cheques Under Collection	163 433	115 492
Cash On Hand	55 560	49 908
	4 448 597	**3 479 155**
Less:		
Banks – Overdraft	(1 530 363)	(270 398)
Restricted Time Deposits And Current Accounts Within The Credit Conditions Granted By The Bank For The Group Companies	(749 399)	(132 059)
Cash & Cash Equivalents In The Statement Of Cash Flows	**2 168 835**	**3 076 698**

21. Capital

21.1 Authorized Capital

The company's authorized capital is LE 8 Billion.

21.2 The Issued & Paid In Capital

The issued and paid capital after the increase is LE 2 716 325 K (Two Billion, Seven Hundred and Sixteen Million, Three Hundred and Twenty-Five Thousand Egyptian Pound) distributed over 543 265 027 share with a par value of LE 5 per share paid in full. The issued and paid in capital after the increase was registered in the Commercial Register with No. 1176 Menouf city on October 30, 2008.

The shareholders and the percentages of their contribution at the date of the financial position are as follows:

Shareholder Name	No. Of Shares	Par Value 30/6/2022 EGP,000	Shareholding %	Shareholding 31/12/2021 %
- Engineer / Ahmed Abd El Aziz Ezz	356 933 139	1 784 665 695	65.701	65.701
- 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**	**100**

22. Reserves

	30/6/2022 EGP,000	31/12/2021 EGP,000
Legal Reserve*	1 358 163	1 358 163
Other Reserves (Additional Paid In Capital) **	2 620 756	2 620 756
The Difference Resulting From The Acquisition Of Additional Percentage In Subsidiary's Capital	(3 796 829)	(3 796 829)
	182 090	**182 090**

* **Legal reserve:** 5% of 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 stated percentage, the appropriation will continue and The legal reserve may be used for the benefit of the Company based on a proposal by the Board of Directors after approval by the General Assembly.

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

23. Treasury Stocks

Treasury stocks represent the number of 9 462 714 shares of Ezz Steel Company owned by Al Ezz Rolling Mills Company (ERM) – (subsidiary company) which amounting to LE 71 921 K, and they are classified as treasury stocks for the consolidation purposes.

On January 5, 2021 the parent company's Board of Directors decided to purchase treasury shares with a percent of 1% of the paid-up capital of the company and a maximum of one Million shares, 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 is 910 481 Shares with an amount of L.E 10 381 K.

So, the total number of treasury shares becomes 10 373 195 shares with a total cost of LE 82,302 K.

24. Trade & Notes Payable

	30/6/2022			31/12/2021
	Due Within One Year EGP,000	Long term Note No. (30) EGP,000	Total EGP,000	Total EGP,000
Trade payables	4 035 801	-	4 035 801	3 743 039
Notes payable	1 614 290	1 314 796	2 929 086	3 759 563
	5 650 091	**1 314 796**	**6 964 887**	**7 502 602**
Deferred interest	(147 732)	(179 371)	(327 103)	(389 308)
	5 502 359	**1 135 425**	**6 637 784**	**7 113 294**

As of June 30, 2022, trade and notes payable include an amount of instalments due to the Electricity and natural gas supplying Companies, the company and its subsidiaries made an agreement with the mentioned companies to reschedule the payment of dues which amounted to L.E 2 556.9 Million to be paid on maximum of 48 monthly instalment beginning from the date of the agreement, in addition to an annual interest stated on the rescheduling agreement mentioned above.

25. Creditors & Other Credit Balances

	Note No.	30/6/2022 EGP,000	31/12/2021 EGP,000
Accrued Interest		345 229	259 026
Accrued Expenses		1 865 652	1 720 718
Tax Authority		236 545	223 923
Performance Guarantee Retention		80 708	90 217
Sales Tax Instalments		96 483	96 483
Dividends Payable		1 676	1 609
Due To Related Parties	(32-3)	61 074	71 324
Deferred Revenue For Grants		-	750
Other Credit Balances		949 481	222 242
Total Creditors & Other Credit Balances		**3 636 848**	**2 686 292**

26. Liability Of The Supplementary Pension Scheme

As of the first of January 2013, according to decision of the Board of Directors of Al Ezz El Dekheila for Steel - Alexandria dated December 27, 2012, the Company resolved to grant the employees of the company the benefit of supplementary pension scheme as well as Contra Steel company, for the benefit of any case of retirement at the age of sixty, death or occupational disability of any employee as the company grants all the employees a fixed monthly pension at the age of sixty for ten years and the pension amount is determined based on the year of disbursement and the subscription is collected from the employees of the company based on their age categories while the company bears the remaining cost.

The cost of the supplementary pension scheme during the six months ended June 30, 2022 amounted to L.E 24.21 Million charged to the consolidated financial statement according to the actuary's report issued annually.

	Note No.	30/6/2022 EGP,000	31/12/2021 EGP,000
Balance At The Beginning Of January		**246 343**	**217 500**
Add:			
Present Service Cost		8 353	2 825
Return Cost		15 857	28 866
Amounts Recognized In The Consolidated Statement Of Income		**24 210**	**31 691**
		270 553	**249 191**
Actuarial (Profits) Losses From The Defined Benefits Pension Scheme		-	4 077
Employees Paid Subscriptions During The Period		3 685	8 486
		274 238	**261 754**
Less:			
Paid Pensions During The Period		(9 103)	(15 411)
Total Liabilities Of Supplementary Pension Scheme		**265 135**	**246 343**
Distributed As Follows:			
Included In Current Liabilities		26 485	25 101
Included In Long-Term Liabilities	(30)	238 650	221 242
		265 135	**246 343**

The main actuarial assumptions used by the company according to the study prepared by the actuary are represented as follows: -

	30/6/2022	31/12/2021
Average assumptions to determine the liabilities of the benefits		
A- Average discount rate	14.7 %	14.7 %
B- Average inflation rate	6.3 %	6.3 %
Average assumptions to determine the net cost of the benefits		
A- Average discount rate	14.6 %	14.6 %
B- Average inflation rate	4.5 %	4.5 %

27. Provisions

	1/1/2022 EGP,000	Formed During The Period EGP,000	Used During The Period EGP,000	30/6/2022 EGP,000
Tax and claims provision	677 822	193 211	(21 535)	849 498
Employees Lawsuits provision	1 955	-	-	1 955
Total Provisions	**679 777**	**193 211**	**(21 535)**	**851 453**

28. Loans

	Short Term Portion EGP,000	Long Term Portion EGP,000	Total EGP,000
Loans - Local Currency	1 288 115	7 475 264	8 763 379
Loans - Foreign Currency	1 376 273	1 811 408	3 187 681
Banks - Credit Facilities	17 924 523	4 509 877	22 434 400
Balance As Of June 30, 2022	**20 588 911**	**13 796 549**	**34 343 400**
Balance As Of December 31, 2021	**22 132 212**	**12 432 596**	**34 564 808**

28.1 Ezz Steel Company (Holding Company)

- 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 granted to the company 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 will keeping some financial ratios and indicators that is specified in the loan agreement during the period of the agreement. It will be paid on 26 non-equal quarterly instalment, the first instalment accrued on August 2015 starting from the ending of first six months of the first withdrawal on February 5, 2015 with an average return of 3.5% above Corridor published from 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 when the company got the loan.
- The instalments paid until June 30, 2022 amounted to LE 1.074 Billion (against LE 988 Million December 31, 2021).
- 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 and no additional fines or fees applied on postponing the payment based on the instructions of the Central Bank of Egypt on March 15, 2020 and it's appendixes, related to the precautious procedures against the effect of corona virus pandemic.
- During the year 2020 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 instalments with an amount of L.E 152 479 K according to an appendix of the loan, the amount represents the accrued interest on the loan balance for the period from 3/11/2019 to 31/3/2021` to pay the loan plus interest in 16 quarterly instalments 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.

28.2 Al Ezz El Dekheila For Steel – Alexandria (Subsidiary)

Medium & Long-Term Loans On June 30, 2022 (Amounts Presented In Million)

Banks	Loan Amount In Million	Currency	No. Instalments	Maturity Date	Total In Million EGP,000
QNB	69.5	USD	26 Quarterly	August 31,2025	669
QNB	565	EGP	26 Quarterly	January 13, 2029	565
AAIB	61.5	USD	28 Quarterly	November 28, 2025	581
Bank Of Alexandria	50	USD	26 Quarterly	January 15, 2026	555
HSBC	12.5	EUR	12 Semi-annual	January 15, 2026	152
HSBC	80	EGP	12 Semi-annual	January 15, 2026	34
NBK	20	USD	26 Quarterly	August 28,2026	247
NBE	2131	EGP	20 Quarterly	June 15,2028	1367
Banque Du Caire	500	EGP/ USD	28 Quarterly	December 31,2028	472
EBE	300	EGP	24 Quarterly	February 17, 2028	288
Total Medium & Long-term Loans In Addition To Instalments For The Year On June 30, 2022					**4,930**

Medium-Term Credit Facilities On June 30, 2022. (Amounts Presented In Million)

Banks	Facility Amount In Million	Currency	Renew Date	Total In Million EGP,000
NBE	800	EGP	October 17,2024	503
QNB	1500	EGP	July 31, 2022	901
EBE	321	EGP/ USD	December, 2024	68
AAIB	158	EGP/ USD	July, 2023	1,665
Banque Du Caire	880	EGP	December, 2024	511
Total Medium Credit Facilities On June 30, 2022				**3,648**

28.3 Al Ezz Flat Steel (Subsidiary)

- The Royal Bank of Scotland (RBS) which replaced the National Westminster Bank acts as the inter-creditor agent for Al Ezz Flat Steel Company - a subsidiary - as well as an agent for the international syndicated loans in which nine banks participated. According to the loans agreements, the National Bank of Egypt acts as the Onshore Security Agent, and the Royal Bank of Scotland acts as the Offshore Security Agent, The most significant guarantees provided are represented in real-estate mortgage and commercial pledge on the land, the tangible and intangible assets of the company, a possessory pledge on the inventory and assignment of the company's rights stated in the contracts of construction, supply, technical support agreements and insurance policies in favour of the banks.
- The interests on the National Bank of Egypt (NBE) and SACE guaranteed loans is calculated in USD based on a variable interest rate related to LIBOR. The interests on Banque Misr loan is calculated in Egyptian pound based on Lending and discount rate declared by the central bank of Egypt.
- The balance of loan installments due in the course of on year on loan agreements is LE 759 Million consisting of instalments due from the stoppage date to June 30, 2022
- The Banks-credit facilities amounting to LE 1.256 Billion on 30/6/2022 is represented in the amount used from the facilities granted by the local banks in the Egyptian pound against several guarantees, the most significant of which is a pledge on the inventory, and joint guarantee from Al-Ezz El-Dekheila Steel Alexandria, assignment of all export proceeds to the banks and depositing all local sales revenues at banks, as well as concluding insurance policy covering theft and fire of inventory in favour of the banks, as well keeping some financial ratios and indicators, during the facility period based on an interest rate related to Corridor rate declared by the Central Bank of Egypt in addition to a commission on the highest debit balance.
- During year 2020, the above-mentioned credit facilities were rescheduled to be paid in 24 unequal quarterly installments according to specific percentages of the facility's balance starting from 31/3/2021 and ending on 31/12/2026.

28.4 Al Ezz Rolling Mills (Subsidiary)

- An approval has been made on December 10, 2020 to restructure debts by the banks participating in the long-term loan granted to the company for the purpose of establishing the reduced iron project, the restructuring includes the existing debts arising from A, B,and C sections and the calculated returns until December 31, 2020, with a maximum of 6.5 billion pounds and that the first instalment payment begins on March 31, 2021, with modifying the interest rate to become 1.5% above the corridor price during the first year from the date of activation, then applying 2% above the corridor price from the beginning of the second year from the activation date until the final maturity date, (instead of 3.5% above the corridor Lending to both section A, B and 1.75% above corridor lending to section C).
- The loan restructuring were activated on June 16, 2021.
- According to the commercial register of the company, there is a commercial pledge for the guarantee agent its self and on behalf on the borrowing banks on all the material and abstract, equipment, goodwill, and the industrial copyrights of the company.

29. Finance Lease

	Future Lease Payments		Deferred Interest		Present Value Of Lease Payments	
	30/6/2022 EGP,000	**31/12/2021 EGP,000**	**30/6/2022 EGP,000**	**31/12/2021 EGP,000**	**30/6/2022 EGP,000**	**31/12/2021 EGP,000**
Due Within One Year	115 347	115 347	37 213	42 026	78 134	73 321
Add						
Long Term Liabilities	298 866	357 095	48 584	65 884	250 282	291 211
Total Finance Lease Liabilities	**414 213**	**472 442**	**85 797**	**107 910**	**328 416**	**364 532**

- The company signed finance lease contracts (No.4537 & 4538) with Corplease (Leasing Company) as at June 27, 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 year. On July 18, 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 September 20, 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 instalment starts from December 20, 2018 till September 20, 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 November 13, 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 December 25, 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 are 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.

30. Long Term Liabilities

	Note No.	30/6/2022 EGP,000	31/12/2021 EGP,000
Notes Payable	(24)	1 314 796	20 75 696
Due To EFG Hermes		624 980	-
Liability Of The Supplementary Pension Scheme	(26)	238 650	221 242
Lending From Others	(30-1)	697 356	583 230
Fixed Asset Purchase Creditors	(30-2)	835 859	820 440
		3711 641	**3 700 608**
Unamortized Portion Of Present Value Of The Notes Payable		(179 371)	(264 013)
Present Value For The Long-Term Liabilities		**3 532 270**	**3 436 595**

30.1 Al Ezz Flat Steel Company – (subsidiary company) borrowed USD 37 Million equivalent to LE 697 Million from Danieli Company based on a contract dated September 27, 2013 and the loan was used in full on October 1, 2013 to pay part of the loan due to the National Bank of Egypt (NBE), Banque Misr and the foreign banks virtue of the guarantee of SACE, thereof the interests of the loan are calculated based on variable interest rate related to LIBOR.

30.2 Fixed asset purchase creditors represented in the due to Danieli, on 27/1/2021 the company agreed with the mentioned supplier to reschedule the payment of the dues and the added interest according to the following:

The liability due to the supplier according to the purchase invoices in addition to the calculated interest on it starting from 1/11/2020 is paid in quarterly installments ends in 2026.

The settlement agreement includes that the supplier will waive the right to due interest which calculated on the liability of supplying machinery and equipment during the prior years for the period from the invoice due date until 31/10/2020, this is in case of the company paying all the quarterly installments based on the settlement agreement.

The company and Al Ezz El Dekheila for Steel- Alexandria signed joint guarantees in favor of the above-mentioned supplier to guarantee that the mentioned subsidiary companies would pay its dues stated in the settlement agreement.

According to the settlement agreement, the part due to be paid during the year 2022 will be equivalent to the amount of LE 84.7 Million.

31. Deferred Tax

31.1 Recognized Deferred Tax Assets & Liabilities

	30/6/2022		31/12/2021	
	Assets EGP,000	Liabilities EGP,000	Assets EGP,000	Liabilities EGP,000
Fixed Assets	-	(3 492 113)	-	(3 536 054)
Provisions And Assets Impairment	134 497	-	107 722	-
Finance Lease Liabilities	17 694	-	20 487	-
Tax Losses	882 211	-	1 095 701	-
Losses From Foreign Currency Translation	148 071	-	34 143	-
Tax On Unpaid Dividends	-	(162 552)	-	(66 426)
Gains From Foreign Currency Translation	-	-	-	(41 006)
	1 182 473	**(3 654 665)**	**1 258 053**	**(3 643 486)**
Net Deferred Tax (Liability)		**(2 472 192)**		**(2 385 433)**

31.2 Recognized Deferred Tax Charged To The Consolidated Statement Of Income:

	30/6/2022 EGP,000	30/6/2021 EGP,000
Net Deferred Tax	(2 472 192)	(1 873 119)
Less/ (Add):		
Previously Charged Deferred Tax	(2 385 433)	(1 541 247)
Deferred Tax	**(86 759)**	**(331 872)**

31.3 Unrecognized Deferred Tax Assets

	30/6/2022 EGP,000	31/12/2021 EGP,000
Impairment Loss On Receivables And Debtors	11 317	10 850
Provisions	127 629	101 084
Tax Losses	910 436	1 017 681
	1 049 382	**1 129 615**

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.

32. Related Parties Transactions

The company conducts commercial transactions with related parties. The following is the most important of these transactions and related balances:

	Nature Of Transaction	Transaction Volume During The Period EGP,000	Balance As Of 30/6/2022 Debit/(Credit) EGP,000	Balance As Of 31/12/2021 Debit/(Credit) EGP,000
32.1 *Items Included In Trade And Notes Receivable*				
- Al Ezz For Trading And Distributing Building Materials (Affiliated Company)	Sales	437	9 171	9 048
			9 171	**9 048**
32.2 *Items Included In Debtors And Other Debit Balances*				
- Gulf Of Suez Development Company (Affiliated Company)		-	115	91
- Al Ezz For Ceramics And Porcelain (GEMMA) (Affiliated Company)	Rent	485	27 785	24 175
	Sales	681		
	Purchase	34		
- Al Ezz For Medical Industries (Subsidiary)			13 509	10 583
			41 409	**34 849**
32.3 *Items Included In Creditors And Other Credit Balances*				
- Al Ezz Group Holding Company For Industry & Investment			(61 062)	(71 294)
- Al Ezz For Trading And Distributing Building Materials (Affiliated Company)			(12)	(30)
			(61 074)	**(71 324)**

33. Contingent Liabilities

33.1 Contingent liabilities are represented in the amount of the letters of guarantee which are not covered that were issued by the Company's banks and subsidiaries in favour of others and the uncovered letters of credit, detailed as follows:

	30/6/2022 Equivalent EGP,000	31/12/2021 Equivalent EGP,000
Letters Of Guarantee		
Egyptian Pound	160 986	7 825
US Dollar	137 666	17 347
Letters Of Credit		
US Dollar	3 764 472	2 621 632
EURO	177 358	69 762

The letters of guarantee fully covered issued by the banks of the company and its subsidiaries in favour of others on June 30, 2022 amounted to LE 165 K (against LE 1 315 K as of December 31, 2021 fully covered) (Note no.18).

33.2 The settlement agreement with one of the foreign suppliers (Note no.30-2) includes the supplier claims Al Ezz Flat Steel (subsidiary company) for interest that will be calculated in agreement with the company on the liability of supplying spare parts during previous years amounted to 15 483 K Euro which is stated in the suppliers balance as of 30/6/2022 from the invoice due date until 31/10/2020, this is in case of the company does not pay all the liabilities stated in the settlement agreement in the due dates.

34. Capital Commitments

- The capital Commitments of El Ezz El Dekhaila as of June 30, 2022 amounted to LE 17 Million, (whereas the amount as of December 31, 2021 is LE 33 Million).

35. Tax Position

35.1 Ezz Steel Company

35.1.1 Corporate Tax

- The Company enjoyed tax exemption according to article No. (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 January 1, 1997 and ended on December 31, 2006.
- The Tax Authority inspected the Company's books until December 31, 2017 and there are no outstanding dues or tax disputes.
  - The company submitted tax returns for the years 2018:2020 under Law No. 91 of 2005 on the due legal dates, currently the tax inspection is being inspected for those years.
  - The company submitted the tax return for 2021.

35.1.2 Sales Tax & VAT

- The Tax Authority inspected the Company's books until year 2015 and the company paid the tax differences in full.
- The tax inspection was done for years 2016/2020 and differences were settled by deducting from the company's credit balance in the VAT return.
- Tax returns are submitted according to Value Added Tax law on the due legal dates.
- The company submitted the tax return for 2021.

35.1.3 Salary Tax

- The tax inspection was done till 2018 and there are no outstanding due.
- The tax inspection was done for years 2019/2020 and the settlement and payment in progress.
- Years 2021, the company deducts and supplies tax.

35.1.4 Stamp Tax

- The tax inspection was done till 2018 and there are no outstanding due.
- The tax inspection was done for years 2019/2020 and the settlement and payment in progress.
- - Years 2021, the company supplies the tax due on time.

35.1.5 Property Tax

- The tax assessment issued and paid up to 31/12/2021.

35.2 Al Ezz Rolling Mills Company

35.2.1 Corporate Tax

- The Company established its factory in the 10th of Ramadan City and according to the article No. (24) of Law No. 59 for 1979 relating to the development of new urban communities, the Company is tax exempted til December 31, 1999.
- The Tax Authority inspected the Company's books until 2017 and there are no any due amounts on the company, the tax inspection has resulted in approved tax losses amounting to EGP 73 862 000 in 2016 and EGP 1 321 347 000 in 2017
- The tax return was submitted on its legal date for years 2018 till 2021 according to the income tax law No. 91 for 2005 and its amendments The tax losses, according to the submitted declarations, amounted to 939 153 000 in 2018, the amount of 1 846 897 000 in 2019, and the amount of 1 794 425 000 in 2020, and the amount of 757 241 000 in 2021.

35.2.2 Sales Tax & VAT

- The Tax Authority inspected the Company's books until 2018 and the taxes due were paid.
- The tax inspection years 2019 and 2020 currently in progress.
- Years 2021, The monthly tax returns are summited on their legal due dates.

35.2.3 Salary Tax

- The Company's books have been inspected until year 2015 and the taxes due were paid and there are no outstanding dues on the company.
- The Tax Authority inspected the Company's books for year 2016 till 2018 and disputes are being resolved by the Internal Committee.
- The company deducts and submits its tax for year 2019 to 2021.

35.2.4 Stamp Tax

- The Tax Authority inspected the Company's books until year 2020 and all disputes were settled and there are no outstanding dues.
- The tax inspection years 2019 to 2021 currently in progress.

35.2.5 Property Tax

- The tax assessment issued and paid up to 31/12/2021.

35.3 Al Ezz El Dekheila For Steel – Alexandria Company

35.3.1 Corporate Tax

- The Company's books have been inspected until year 2017 and there are no outstanding dues on the company.
- The tax inspection for years 2018 and 2020 are in progress.
- **The situation of tax disputes:**
- The period 2000-2004: for the exemption of flat steel project amounted to EGP 254 Million, the dispute is currently submitted to committee of tax dispute settlement.
- The period 2005-2006: for the exemption of flat steel project (5th year) amounted to EGP 215 Million, the dispute is currently submitted to administrative court.

35.3.2 Salary Tax

- The tax inspection for the years until 2016 were done and there are no outstanding.

- From 2017 Till 2019 :

- The inspection has been done, the company was informed by the form no. 38 payroll on 20/05/2022, all the tax differences accrued was paid and reserved to pay for delay in order to obtain the benefit from the law of infringement in the case of it was enacted.

35.3.3 Sales Tax & VAT

Years From The Inception Date Till 2020:

The inspection and tax assesment have been done by the tax authority , disputes have been ended, the due amounts have been paid and there are no tax claims.

- **The Situation Of Tax Disputes:**

2008-2012: The additional tax on the accrual of the sales tax retroactively on iron oxide ore as the tax is refundable in the amount of EGP 108 million, and the judgment was issued in favour of the company rejecting the sub-lawsuit filed by the Ministry of Finance and the debt department of the major financiers center cancelled the claim.

- The inspection were finished and the company notified with form 15 the tax was fully paid.

35.3.4 Stamp Tax

- The Tax Authority inspected the Company's books until year 2016 and all disputes were settled and there are no outstanding dues.

From 2017 Till 2020:

These years were inspected and the company has been informed by the form no 19 on 28/2/2022 with an amount EGP 7,173,113, but it was appealed on 24/3/2022, The internal committee was established on 18/05/2022, where the tax was reduced to EGP 2,938,406, and the full due amounts have been paid.

35.3.5 Property Tax

- The decision of the committee of tax dispute settlement approved by the Minister of Finance was issued to reduce the annual real estate tax from EGP 17 million to EGP 10.7 million, and a settlement was made with the real estate taxes Agami, and the tax paid until December 31, 2021.
- The re-estimation of property tax as stated in law no 196 for the year 2008 and the reckon of property every five years leads to an increase in annual tax from LE 10.7 million to be EGP 12.3 million starting from 1/1/2022 which represent a percentage of 15% increase .

35.4 Al Ezz Flat Steel Company

35.4.1 Corporate Tax

- In the light of issuing Law No. 114 of 2008 on May 5, 2008, the private free zones license was being cancelled and the company become subject to corporate tax from that date.
- The Tax Authority inspected the Company's book from the commencement of activity until 2018 and resulted in tax losses.
- Years 2019 to 2021 The tax return was submitted on the legal time, in accordance with the provisions of the Income Tax Law No. 91 of 2005 and its amendments.

35.4.2 Salary Tax

- The tax inspection was made and there are no tax claims on the company since the beginning of the business till 2019.
- Years from 2020 to 2021, the company deducts and submits the tax, and the Tax authority has not carried out the tax examination to date.

35.4.3 Sales Tax & VAT

- The Tax Authority inspected the Company's books until 31/12/2018, tax assessment issued and paid up at legal date and there are no dues.
- The company submits the monthly tax return on the legal due dates and the inspection for year 2019 til 2021 hasn't been requested by the tax authority yet.

35.4.4 Stamp Tax

- Tax inspection was issued and made until 2020 and there are no claims on the Company.
- Years from 2021, the company submits the tax due on the legal dates.

35.4.5 Real Estate Tax

- Tax assessment issued and paid until December 31, 2021.

36. Financial Instruments & Risk Management

36.1 Financial instruments

The Company's financial instruments are represented in cash and cash equivalents; trade receivables, debtors, investments, 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.

36.2 Interest Rate Risk

The interest risk is represented in the interest rates changes on the company's debts, represented in loans (before deducting issuance cost) and credit facilities, finance lease liabilities which amounted to EGP 35 497 029 000 as of June 30, 2022 (EGP 35 620 632 000 as of December 31, 2021). Financing interest and expenses related to these balances amounted to EGP 1 641 982 000 during the period (EGP 1 764 412 000 during the same period from the previous year). Restricted time deposits and current accounts amounted to EGP 828 161 000 as of June 30, 2022 (EGP 376 019 000 as of December 31, 2021), interest income related to these time deposits and current accounts amounted to EGP 125 691 000 during the current period (EGP 56 471 000 during the same period from the previous year). The company works on getting the best terms available in the market regarding the credit facilities to mitigate this risk, also the company reviews the prevailing interest rates in the market periodically that reduces the interest rate risk.

36.3 Credit Risk

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

	Note No.	30/6/2022 EGP,000	31/12/2021 EGP,000
Long Term Lending To Others	(14)	56 307	47 632
Trade & Notes Receivables	(17)	4 542 381	4 795 988
Debtors & Other Bebit Balances	(18)	5 544 098	5 849 771
Suppliers - Advance Payments		839 065	802 659
Cash & cash Equivalents	(20)	4 393 037	3 429 247

36.4 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 currency as well as the value of its foreign currencies monetary assets and liabilities. The Company has foreign currency monetary assets and liabilities equivalent to LE 2 540 654 K and LE 7 601 529 K respectively on June 30, 2022.

The Company's net exposures in foreign currencies at the financial position date are as follows:

Foreign Currency	(Deficit)/Surplus In Thousands
US Dollars	(214 741)
Euro	(51 350)
Swiss Frank	13
Sterling Pound	(71)
Japanese Yen	(40 868)
AED	2

As shown in (Note no. 40-1) "Foreign currency translation", the balances of monetary assets and liabilities denominated in foreign currencies shown above were valued using the prevailing exchange rate of the banks that the Company deals with at the financial position date.

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

	Closing rates as of:	
	30/6/2022	**31/12/2021**
US Dollars	18.8200	15.7400
Euro	19.7008	17.8791
Swiss Frank	19.7482	17.2285
Sterling Pound	22.8945	21.2742
AED	5.1239	4.2854

37. The Litigation Status

Workers Lawsuits Regarding Profits
All lawsuits filed against the company by employees whose services have ended in the company have been resolved, and there is one lawsuit still in circulation regarding profit differences and previous years' bonuses.

38. Other Topics
Alexandria Port Authority

The Following Is An Explanation Of The Existing Disputes And Issues With The Alexandria Port Authority

- Case related to the Authority's claim for sales tax and delay fine on the trading category.
- The lawsuit related to the authority's claim for the right to use the mining ores berth equipment and related to the handling of raw materials in the port of Dekheila.
- The lawsuit filed by the company against both the Port Authority and the Tax Authority to claim the refund of what was collected from the company under the name of sales tax for the period from February 15, 2003 to December 31, 2013.
- The lawsuit filed by the company requesting a refund of what was collected under the name of sales tax on the consideration for the usufruct license for the period from January 2014 to September 2016.
- At its first meeting of 2022, on January 26, 2022, the Board of Directors of Al-Azz Dekheila Steel Company-Alexandria agreed that the company would amicably settle existing disputes and issues with the Alexandria Port Authority, in order to ensure a speedy end to the dispute with the Port Authority.

39. significant Events
During the first quarter of 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 group's Consolidated interim financial statements for the current period and the subsequent periods, in addition to the potential impact on the provision of raw materials, supplies necessary for production and operations, the demand on the group's products, and the available liquidity. Currently, the group is assessing and determining the size of this impact on its current Consolidated interim financial statements, the management doesn't expect in the meantime, based on the latest available information, any significant impact on the current Consolidated interim financial statements and its going concern, due to instability and uncertainty as a result of the current events, the magnitude 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.

40. Significant Accounting Policies For The Consolidated Interim Financial Statements

The following accounting policies have been applied consistently by the group's companies during all presented periods in these Consolidated interim financial statements.

40.1 Foreign Currency Translation
The group 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 translation are recognized in the consolidated statement of income at the financial position date in consolidated statement of income.
The presentation of the financial statements of Al Ezz Flat steel (subsidiary company) to be in the Egyptian pound instead of the US dollar starting from the date 31/12/2020. This is due to the fact that the Egyptian pound has become the currency in which most of the company's sales are made as well as the financing needed for operations.

40.2 *Fixed Assets & Depreciation*

Fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses. Depreciation - except rolling rings - is charged to the consolidated statement of income on straight-line basis 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 assets 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, modified cost model was adopted by the group, 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 is as follows:

Asset	Estimated useful life Years
Buildings	
– Buildings	25 – 50
– Other buildings	8
Machinery & Equipment	
– Machinery and equipment	5 – 25
– Rolling rings (machinery and equipment)	According to actual use (ERM 5-6)
Vehicles	2 – 5
Furniture & Office Equipment	
– Furniture and office equipment	3 – 10
– Central air conditioning and fixtures	8
Tools & Appliances	4 – 5
Improvements On Leased Buildings	The lower of lease term or assets' useful lives

Profits or losses resulting from fixed assets disposal are charged to the consolidated statement of income.

40.3 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 and in case it is probable that future economic benefits shall inflow to the group 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 consolidated statement of income as an expense when incurred.

40.4 *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 at its cost when they are completed and are ready for their intended use.

40.5 *Other Assets*

- Other assets are licenses cost which are capable of generating future economic benefits.
- Other assets are stated at purchased cost including any expenses that are directly attributable to preparing the asset for its intended use, net of accumulated amortization and impairment losses.

40.6 *Investments In Associates*

Investments in associates are accounted for using the equity method and are recognized initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses, if any. The Consolidated interim financial statements include the Group's share of income, and expenses of equity accounted investee, after adjustments to align accounting policies with those of the Group, from the date that significant influence commences to the date that significant influence ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

In case of the excess in the cost of acquisition over the company share in net fair value of the assets, liabilities and contingent liabilities as well in associates on the date of acquisition, the goodwill is recognized as a part of investment book value, thus it will be subjected to the impairment loss on the investment.

40.7 Investments Available-For-Sale

Available-for-sale investments are initially measured at fair value and as of the Consolidated interim financial statements date, the change in the fair value whether gain or loss is recognized directly in equity, except for impairment losses which are transferred to profit or loss. When an investment is derecognized, the cumulative gain or loss in equity is transferred to profit or loss.

The fair value for available-for-sale investments is identified based on the quoted price of the exchange market in an active market at the consolidated financial position date, except for investments which are not quoted in a stock exchange in an active market, in this case they are measured at cost net of impairment loss.

40.8 Investments In Treasury Bills

Investments in treasury bills are stated in the financial statements are initially measured at fair value and subsequently measured by depreciated cost, the difference between acquiring cost and the realizable value during the period is amortized from acquiring date to maturity date using actual interest rate.

40.9 Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the identifiable assets acquired at the date of acquisition. Goodwill is tested for impairment at consolidated financial position date. If events or changes in circumstances indicate that the goodwill might be impaired, impairment loss "If any" is charged to the consolidated statement of income for the period.

40.10 Inventory

Inventory is valued at cost or net realizable value whichever is lower. 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: is valued at its 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 share of indirect manufacturing cost incurred until the last production stage reached.
- Finished products: according to the actual manufacturing cost according to costs' statements.

40.11 Trade & Notes Receivables & Debtors

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

40.12 Cash & Cash Equivalents

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

40.13 Trade & Notes Payable & Creditors

Trade and notes payable and creditors are primary stated at fair value and subsequently measured by depreciated cost using the actual interest rate.

40.14 Impairment Loss On Assets

A.Non-Derivative Financial Assets

Financial Instruments & Assets Arising From The Contract

The company recognizes loss allowances for expected credit losses for the following:

- financial assets measured at amortized cost;
- investments in debt instruments that are measured at fair value through other comprehensive income; And the Assets arising from the contract.

The company measures loss allowances at an amount equal to the lifetime ECL, except for the following, which are measured at an amount equal to the 12-month ECL:

- debt instruments that are identified as having low credit risk at the reporting date; And the
- Other debt instruments and bank balances in which the credit risk (ie the risk of default over the expected life of the financial instrument) has not increased significantly since the first recognition.

Provisions for losses of commercial customers and contract assets are always measured at an amount equal to the expected credit losses over their life.

- In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and known credit assessment, including forward-looking information.
- The company assumes that the credit risk of the financial asset has increased significantly if it is more than 30 days past due.

The Company Considers A Financial Asset To Be In Default When:

It is unlikely that the borrower will pay its credit obligations to the group in full, without resorting to the company by measures such as liquidating the guarantee (if any); Or the financial asset is more than 90 days old.

The Company considers debt instruments to have low credit risk when their credit risk rating is equal to the globally understood definition of "investment grade".

Life expectancy credit losses are the expected credit losses that result from all possible failure events over the expected life of the financial instrument.

12-month ECL is the portion of ECL that results from failure events that are possible within a 12-month period after the reporting date (or a shorter period if the instrument has an expected life of less than 12 months). The maximum period considered when estimating Expected credit losses and the maximum contractual period in which the company is exposed to credit risk.

Measuring Expected Credit Losses

It is a probability-weighted estimate of credit losses. The present value of all cash shortfalls is measured (that is, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

Expected credit losses are discounted at the financial asset's effective interest rate.

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt instruments measured at FVOCI are credit impaired. The financial asset is considered "credit impairment",

When one or more events that have a detrimental effect on the estimated future cash flows of the financial asset occur.

Evidence that financial assets are credit impaired includes observable data.

Significant financial difficulty for the lender or issuer and

Breach of contract such as failure or overdue for a period greater than 90 days and

- the restructuring of a loan or advance by the company on terms that the company will not take into account in one way or another; And the

It is possible that the borrower will enter bankruptcy or other financial reorganization; or

The disappearance of an active stock market due to financial difficulties.

Disclosure The Provision For Expected Credit Losses In The Statement Of Financial Position

The loss allowance for financial assets measured at amortized cost is deducted from the total carrying amount of the assets.

For securities in debt securities that are measured at fair value through other comprehensive income, the loss allowance is charged to the profit or loss and is recognized in other comprehensive income.

Execution of Debt

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering all or part of the financial asset. For individual clients, the Company has a policy of writing off the total gross book value when the financial asset is more than two years past due based on previous experience in recovering similar assets. For corporate clients, the Company makes an independent assessment of the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The company does not expect any significant refund of the amount written off. However, financial assets that have been written off may still be subject to liability activities in order to comply with the Company's procedures for recovering amounts due.

B.Non-Financial Assets

At the end of each fiscal year, the company reviews the book values of the company's non-financial assets other than inventory, work in progress, and deferred tax assets to determine whether there is any indication of impairment. If this is the case, the company makes an estimate of the recoverable value of the asset.

To perform an impairment test for an asset, assets are grouped together into the smallest group of assets that includes the asset and that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets - cash-generating units.

The recoverable amount of an asset or cash-generating unit is its fair value less costs to sell or its value in use, whichever is greater. The value in use of an asset is the present value of the expected future cash flows discounted at a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit. An impairment loss is recognized if the carrying amount of the asset or cash-generating unit is greater than its recoverable amount, the impairment loss is recognized in profit or loss. On the basis of the book value of each asset in the unit. For other assets, impairment losses are reversed to the extent that the carrying amount that would have been determined (net of depreciation and amortization) had not been recognized for the impairment loss for the asset in prior years.

40.15 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 redemption value being recognized in the consolidated statement of income.

Borrowing cost of financing fixed assets are capitalized to finance qualified fixed assets during the construction period till the asset is reachable for use from the economical view.

40.16 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event and it is probable that a flow of economic benefits will be required to settle the obligation. 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. The provisions balances are reviewed on a going basis at the financial position date to disclose the best estimate on the current period.

40.17 Share Capital

Repurchase Of Share Capital

Upon the repurchase of issued capital shares of the company (whether direct way or by using one of its subsidiaries), it is recognized with the amount paid in return for the repurchase, process which includes all direct costs and all costs related to repurchasing, as a reduction in owners' equity, and it shall be classified as treasury stock deducted from the total owners' equity side.

40.18 Revenues

a)Sales Revenue Recognition.

- Revenue is recognized when the Company has transferred to the customer the significant risks and rewards of ownership of the goods and invoice issuance. And it is probable that the economic benefits associated with the transaction will flow to the Company, and determine the costs related to selling and returned goods in trusted way with the inability of the company's management to make any letter effects on selling goods with the possibility of trusted revenue measuring, In the case of export sales, the transfer of control is extended to the goods sold in accordance with the shipping conditions.

Egyptian Accounting Standard No. (48) - Revenue From Contracts With Trade Receivables

- Egyptian Accounting Standard No. (48) defines a comprehensive framework for determining the value and timing of revenue recognition, and this standard replaces the following Egyptian accounting standards (Egyptian Accounting Standard No. (11) "Revenue" and Egyptian Accounting Standard No. (8) "Construction Contracts").
- Revenue is recognized when the Trade Receivables is able to control the goods or services. Determining when to transfer control over a period of time or at a point in time requires a degree of personal judgment.
- The incremental costs of obtaining a contract with a Trade Receivables are recognized as an asset if the company expects to recover those costs.

The Potential Impact On The Financial Statements

Due to the nature of the company's activities, in addition to the accounting policies followed, the impact of the Egyptian Accounting Standard No. 48 on revenue recognition by the company will be immaterial.

b) Dividends

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

c)Interest Income

Interest income is recognized in the profit or loss as it accrues using the effective interest rate method.

40.19 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 expenses payments in on a straight-line basis over the lease term. (Net of value of any lease discount incentive and rent-free periods).

40.20 Earnings Per Share

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

40.21 Income Tax

Income tax on the profit or loss for the period comprises current income tax and deferred tax. Income tax is recognized in the consolidated income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income, using tax rates enacted or substantially enacted at consolidated financial position date.

Deferred tax is provided using the financial position liability method, providing 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 at the consolidated 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 periods.

40.22 Grants Related To Assets

Grants related to fixed assets are recognized as deferred income and are recognized as income in accordance with the terms of the grant. Deferred income balance is presented in long-term liabilities after deduction of deferred income due during the period, which is shown under current liabilities.

40.23 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.(10).

40.24 Financial Risk Management

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

* Credit risk
* Liquidity risk
* Market risk

This note presents information about the Group's exposure to each of the above risks, the Group objectives, policies and processes for measuring and managing risks, and the Group management of capital. Further quantitative disclosures are included throughout these Consolidated interim financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group risk management framework.

The Group risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

40.24.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur financial loss.

This risk is mainly resulting from the Group's trade and other debtors.

- ***Trade receivable & other debtors***

  The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk has less of an influence on credit risk.
  Most of Group'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 Group conducts transactions and deposits funds with financial institutions with high investment grade.

40.24.2 Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group'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 Group's reputation.

The Group 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.

40.24.3 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 Group'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 Group is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of the Group, primarily the U.S. Dollars (USD) and Euro. In respect of monetary assets and liabilities denominated in foreign currencies, the Group 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 un-balanced short term.
- ***Interest Rate Risk***
  The Group is exposed to market risks as a result of changes in interest rates particularly in relation to borrowings. Borrowings issued at floating rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group 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 Group'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 Group, the Group's management monitors the equity instruments in the investments' portfolio according to the market and objective valuation of the 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 Group's investment strategy is to maximize investment returns and the management consults external advisors in this regard.

40.24.4 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 Boards of Directors monitors the return on capital, which the Group 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 Group's approach to capital management during the period. The Group is not subject to externally imposed capital requirements.

41 Egyptian Accounting Standard No. (47) Financial Instruments

The Egyptian Accounting Standard No. 47 sets out requirements for the recognition and measurement of financial assets, financial liabilities and certain contracts to buy or sell non-financial items. This standard replaces EAS No. 25 Financial Instruments: Presentation and Disclosure, FAS No. 26 Financial Instruments: Recognition and Measurement, and EAS No. 40 Financial Instruments: Disclosures applicable to disclosures for the year 2021.

A- Classification & Measurement Of Financial Assets & Financial Liabilities

The new standard requires the company to evaluate the classification of financial assets in its financial statements according to the cash flow characteristics of the financial assets and the company's relevant business models for a particular class of financial assets.
Egyptian Accounting Standard No. 47 no longer has an "available-for-sale" classification for financial assets. The new standard contains different requirements for financial assets in debt or equity instruments.

B- Debt Instruments Are Classified & Measured In One Of The Following Ways:

amortized cost, for which the effective interest rate method or. will be applied
Fair value through other comprehensive income, with subsequent reclassification to the statement of profit and loss on sale of the financial asset or fair value through profit or loss.

C- Classification & Measurement Of Investments In Equity Instruments Other Than Those Considered & Applied To Equity Accounting In One Of The Following Ways:

Fair value through other comprehensive income, with subsequent reclassification to the statement of profit and loss on sale of the financial asset, or fair value through profit or loss.
The company continues to initially measure financial assets at fair value plus transaction costs upon initial recognition, with the exception of financial assets measured at fair value through profit and loss in accordance with current practices. The classification of the majority of financial assets was not affected by the transition to Egyptian Accounting Standard No. 47 on January 1, 2021. Statement of reclassification made upon transition to Egyptian Accounting Standard No. 47 explained above In this note, Egyptian Accounting Standard No. 47 largely maintains the same existing requirements in Egyptian Accounting Standard No. 26 for classification and measurement of existing liabilities.
The application of Egyptian Accounting Standard No. 47 did not have a material impact on the company's accounting policies related to financial liabilities and derivative financial instruments.

D- Impairment

The Egyptian Accounting Standard No. 47 uses the expected credit loss model. Which replaces the actual loss model in the Egyptian Accounting Standard No. 26, where there was no need to create a provision for doubtful debts, except in cases where a loss actually occurred. On the contrary, the expected credit loss model requires the company to recognize a provision for doubtful debts on all financial assets carried at amortized cost, as well as debt instruments classified as financial assets at fair value through other comprehensive income since the first recognition, regardless of whether the loss occurred.