

**EASTERN COMPANY (S.A.E)**  
**STAND ALONE FINANCIAL STATEMENTS**  
**TOGETHER WITH AUDITOR'S REPORT**  
**FOR THE FINANCIAL PERIOD ENDED JUNE 30, 2023**

## INDEX

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**Auditor's Report****To: The Shareholders of Eastern Company (S.A.E)  
Report on the Financial Statements**

We have audited the accompanying standalone financial statements of Eastern Company (S.A.E), which comprise the standalone statement of financial position as of June 30, 2023, the standalone statements of income, comprehensive income, standalone changes in shareholders' equity and standalone cash flows for the year ended June 30, 2023, and a summary of significant accounting policies and other explanatory notes.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

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

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

**Opinion**

In our opinion, the standalone financial statements referred to above give a true and fair view, in all material respects, of standalone the financial position of **Eastern Company (S.A.E)** as of June 30, 2023, and of its financial performance and its cash flows for the year ended in accordance with Egyptian Accounting Standards and the prevailing Egyptian laws and regulations.

**Explanatory paragraph****Without qualifying our opinion:**

As indicated in note No. (9), According to the board of directors' decree dated April 19, 2023, the company formed a technical committee to finalize the technical receiving report, the issuance of the interim payment certificate and the final settlements of projects under construction suspended from previous financial periods related to security system.

As indicated in note No. (14), the investments at amortized cost amounted 20.66 million EGP as of June 30, 2023 represent 5% reserve was deducted previously from the company net profit according to the law 203 for the year 1991. The company management officially request from the National Investment Bank to refund the investments at amortized cost balance, and according to the General Assembly of the Advisory Opinion and Legislative Department the arrangement of the refund process is subject to issuance of a legislation.

**Report on legal and other regularity requirement**

The company maintains its accounting records as required by the law and the company legal, which agree with the accompanying financial statements. The company is in the process of upgrading and automating its accounting and costing system. The management conducted the inventory physical count according to normal practices and under its responsibility.

The financial information included in the board of director's report which are prepared according to the requirement of law No. 159 for the year 1981, and its executive regulations, is in agreement with the company's records to extend that such information normally recorded.

The company's management is in the process of studying the application of article No. 134 of Law 12 of 2003 requirements and its regulations considering the availability of the company's implementation mechanism.

The Creditors and other credit balance note no. (30) include an amount of 468 thousand EGP dividends payable not settled until the date of financial statements issuance which contradicts with article (44) of the law no. 159 for the year 1981 and its amendments.

Cairo, 5 September 2023



**EASTERN COMPANY (S.A.E)**  
**STANDALONE STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds)

	<u>Notes</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
<b><u>ASSETS</u></b>			
<b><u>Non - Current Assets</u></b>			
Property, plant, and equipment	(8)	4 409 007	4 598 230
Projects under construction	(9)	249 705	483 437
Investment's property	(10)	127 656	128 500
investments in associates	(11)	24 000	--
Intangible assets	(12)	24 409	1 802
Financial assets measured at fair value through other comprehensive income	(13)	3 211 643	4 453 441
Financial investments at amortized cost	(14)	20 532	20 668
Right of use leased assets	(15)	217 494	225 674
Other assets	(16)	18 453	19 544
<b>Total Non- Current Assets</b>		<b>8 302 899</b>	<b>9 931 296</b>
<b><u>Current assets</u></b>			
Non-current assets held for sales	(10)	404	404
Inventory	(17)	3 879 686	4 147 446
Trade and notes receivables	(18)	70 306	141 140
Debtors and other debit balances	(19)	727 690	819 416
Trade payables - advance payments	(20)	113 943	52 068
Financial assets measured at fair value through Profit or losses	(21)	9 985 269	10 391 288
Cash and cash equivalent	(22)	3 220 564	1 260 606
<b>Total Current Assets</b>		<b>17 997 862</b>	<b>16 812 368</b>
<b>Total Assets</b>		<b>26 300 761</b>	<b>26 743 664</b>
<b><u>Equity</u></b>			
Issued and paid-up capital	(23)	2 230 000	2 230 000
Reserves	(24)	4 183 074	4 294 320
Retained earning	(25)	9 703 325	5 908 236
<b>Total equity</b>		<b>16 116 399</b>	<b>12 432 556</b>
<b><u>Non - Current Liabilities</u></b>			
Deferred tax liability	(26)	302 020	270 041
Employees benefits delegation	(27)	387 226	423 219
<b>Total Non-Current liabilities</b>		<b>689 246</b>	<b>693 260</b>
<b><u>Current Liabilities</u></b>			
Provisions	(28)	1 183 230	1 409 770
Banks overdraft	(22)	307 543	1 256 537
Trade and notes payables	(29)	718 435	1 278 197
Creditors and other credit balances	(30)	6 163 762	9 393 360
Trade receivables - advance payments	(31)	175 944	81 489
Employees benefits delegation	(27)	37 837	58 914
Current income tax payable		908 365	139 581
<b>Total current liabilities</b>		<b>9 495 116</b>	<b>13 617 848</b>
<b>Total liabilities</b>		<b>10 184 362</b>	<b>14 311 108</b>
<b>Total of equity and liabilities</b>		<b>26 300 761</b>	<b>26 743 664</b>

- The accompanying notes (from No. 1 to No. 48) are an integral part of these financial statements and read therewith.

(Mrs. / Neveen Ali)  
**Head Of financial sector**

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(Mr./ Hany Aman)  
**Managing Director and Chief Executive Officer**

(Mr./ Tamer Mosli)  
**Executive Managing for finance affairs**

**EASTERN COMPANY (S.A.E)**  
**STANDALONE INCOME STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds)

	<u>Notes</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
<b>Sales/Revenue</b>	(32)	17 957 632	17 139 443
Cost of goods sold	(33)	(9 706 337)	(9 259 187)
<b>Gross profit</b>		<u>8 251 295</u>	<u>7 880 256</u>
Other income	(34)	720 740	151 790
Sale and distribution expenses	(35)	(705 420)	(737 950)
General and administrative expenses	(36)	(317 776)	(264 735)
Other expenses	(37)	(517 007)	(3 450 075)
<b>Result of operating activities</b>		<u>7 431 832</u>	<u>3 579 286</u>
Financing cost / income	(38)	714 141	253 286
Other financial investments revenue	(39)	1 619 241	1 438 394
<b>Profit before tax</b>		<u>9 765 214</u>	<u>5 270 966</u>
Income tax expenses	(40)	(2 108 227)	(1 241 025)
<b>Profit from continued operations</b>		<u>7 656 987</u>	<u>4 029 941</u>
<b>Profit from Discontinued operations</b>		--	--
<b>Profit of the period</b>		<u>7 656 987</u>	<u>4 029 941</u>
<b>Earnings per share</b>	(41)	<u>2.98</u>	<u>1.61</u>

- The accompanying notes (from No. 1 to No. 48) are an integral part of these financial statements and read therewith.

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(Mrs. / Neveen Ali)  
Head Of financial sector

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(Mr./ Hany Aman)  
Managing Director and Chief Executive Officer

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(Mr./ Tamer Mosli)  
Executive Managing for finance affairs

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**EASTERN COMPANY (S.A.E)**  
**STANDALONE STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds)

	<u>30/6/2023</u>	<u>30/6/2022</u>
<b>Net profit of the year</b>	<b>7 656 987</b>	<b>4 029 941</b>
<b><u>Other Comprehensive Income</u></b>		
Revaluation Financial assets measured at fair value through Profit/losses	(148 078)	(43 417)
Reclassification Adjustments	11 227	--
Cash flow hedges	--	--
Actuarial re-measurements of defined benefit pension plans	--	--
Company shares of other comprehensive income from associates	--	--
<b><u>Less</u></b>		
Other comprehensive income tax	30 791	9 769
<b>Total other Comprehensive Income of the period after deducting tax</b>	<b><u>(106 060)</u></b>	<b><u>(33 648)</u></b>
<b>Total Comprehensive Income of the period</b>	<b><u>7 550 927</u></b>	<b><u>3 996 293</u></b>

- The accompanying notes (from No. 1 to No. 48) are an integral part of these financial statements and read therewith.

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(Mrs. / Neveen Ali)  
Head Of financial sector

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(Mr./ Hany Aman)  
Managing Director and Chief Executive Officer

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(Mr./ Tamer Mosli)  
Executive Managing for finance affairs

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**EASTERN COMPANY (S.A.E)**  
**STANDALONE STATEMENT OF SUGGESTED DIVIDENDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds)

	<u>30/6/2023</u>	<u>30/6/2022</u>
Net profit after tax	7 656 987	4 029 941
Adding/ Retained earnings	<u>2 046 338</u>	<u>1 878 295</u>
Net profit for distribution	<b>9 703 325</b>	<b>5 908 236</b>
<b><u>Deduct:</u></b>		
Capital reserve	225	5 588
<b>Net profit for distribution after deducting Legal and capital reserve</b>	<b>9 703 100</b>	<b>5 902 648</b>
Employees contribution	934 167	398 667
First distribution of capital to shareholders	111 500	111 500
	<u>(1 045 667)</u>	<u>(510 167)</u>
<b>Balance</b>	<b>8 657 433</b>	<b>5 392 481</b>
<b><u>Deduct:</u></b>		
Board of directors' reward	45 000	20 000
Second distribution to shareholders	8 251 000	3 456 500
Youth and sports contribution	38 285	20 150
	<u>(8 334 285)</u>	<u>(3 496 650)</u>
<b>Retained earnings to next year</b>	<b>323 148</b>	<b>1 895 831</b>

- The accompanying notes (from No. 1 to No. 48) are an integral part of these financial statements and read therewith.

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(Mrs. / Neveen Ali)  
Head Of financial sector

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(Mr./ Hany Aman)  
Managing Director and Chief Executive Officer

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(Mr./ Tamer Mosli)  
Executive Managing for finance affairs

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**EASTERN COMPANY (S.A.E)**  
**STANDALONE STATEMENT OF CHANGES IN OWNER'S EQUITY**  
**FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds)

	<u>Issued and Paid up capital</u>	<u>Legal reserve</u>	<u>Statutory reserve</u>	<u>Capital reserve</u>	<u>Other reserves</u>	<u>Reserve of revaluation of financial investment</u>	<u>Total reserves</u>	<u>Treasury stocks</u>	<u>Retained earnings</u>	<u>Total equity</u>
<b>Balance as of July 1, 2021</b>	<b>2 250 000</b>	<b>991 495</b>	<b>1 673 498</b>	<b>550 815</b>	<b>960 857</b>	<b>(87 020)</b>	<b>4 089 645</b>	<b>(259 360)</b>	<b>6 218 732</b>	<b>12 299 017</b>
Execution Treasury stocks	(20 000)	--	--	--	--	--	--	239 564	(219 564)	--
Selling Treasury stocks	--	--	--	--	--	--	--	19 796	(817)	18 979
Adjustment of expenses and revenues from previous years	--	--	--	--	--	--	--	--	123 396	123 396
<b>Dividends</b>										
Transferred to reserves from dividends for 2020/2021 distribution to shareholders	--	214 009	--	24 314	--	--	238 323	--	(238 323)	--
Employees contribution	--	--	--	--	--	--	--	--	(398 373)	(398 373)
Board of directors reward	--	--	--	--	--	--	--	--	(20 000)	(20 000)
Youth and sports contribution	--	--	--	--	--	--	--	--	(21 401)	(21 401)
<b>Comprehensive income items</b>										
Net period gain 01/07/2021 to 30/06/2022	--	--	--	--	--	--	--	--	4 029 941	4 029 941
Comprehensive income items	--	--	--	--	31 932	(65 580)	(33 648)	--	--	(33 648)
<b>Balance as of 30/06/2022</b>	<b>2 230 000</b>	<b>1 205 504</b>	<b>1 673 498</b>	<b>575 129</b>	<b>992 789</b>	<b>(152 600)</b>	<b>4 294 320</b>	<b>--</b>	<b>5 908 236</b>	<b>12 432 556</b>
<b>Balance as of July 1, 2022</b>	<b>2 230 000</b>	<b>1 205 504</b>	<b>1 673 498</b>	<b>575 129</b>	<b>992 789</b>	<b>(152 600)</b>	<b>4 294 320</b>	<b>--</b>	<b>5 908 236</b>	<b>12 432 556</b>
Adjustment of expenses and revenues from previous	--	--	--	--	--	--	--	--	150 507	150 507
Expected credit losses No longer required	--	--	--	--	(10 774)	--	(10 774)	--	--	(10 774)
<b>Dividends</b>										
Transferred to reserves from dividends for 2021/2022 distribution to shareholders	--	--	--	5 588	--	--	5 588	--	(5 588)	--
Employees contribution	--	--	--	--	--	--	--	--	(398 667)	(398 667)
Board of directors reward	--	--	--	--	--	--	--	--	(20 000)	(20 000)
Youth and sports contribution	--	--	--	--	--	--	--	--	(20 150)	(20 150)
<b>Other comprehensive income items</b>										
Net period gain 01/07/2022 till 30/06/2023	--	--	--	--	--	--	--	--	7 656 987	7 656 987
Comprehensive income items	--	--	--	--	--	(106 060)	(106 060)	--	--	(106 060)
<b>Balance as of 30/6/2023</b>	<b>2 230 000</b>	<b>1 205 504</b>	<b>1 673 498</b>	<b>580 717</b>	<b>982 015</b>	<b>(258 660)</b>	<b>4 183 074</b>	<b>--</b>	<b>9 703 325</b>	<b>16 116 399</b>

- The accompanying notes (from No. 1 to No. 48) are an integral part of these financial statements and read therewith.

**(Mrs. / Neveen Ali)**  
**Head Of financial sector**

**(Mr./ Hany Aman)**

**Managing Director and Chief Executive Officer**

**(Mr./ Tamer Mosli)**  
**Executive Managing for finance affairs**

**EASTERN COMPANY (S.A.E)**  
**STANDALONE STATEMENT OF CASH FLOW**  
**FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds)

Total	Subtotal	Notes no.	Item	As of 30/6/2022
			<b><u>Cash flows from operating activities</u></b>	
	63 751 186		Cash sales and receivables collection	64 662 106
	(7 341 705)		Cash purchases and payments to suppliers	(5 826 417)
	(1 768 769)		Paid salaries	(3 802 583)
	2 403 900		Operating income for others and other revenues	3 658 579
	66 032		Credit interest collected	90 179
	(10 851)		Interest Paid	(35 408)
	(53 230 976)		Tax and fees paid	(50 657 605)
	2 515		Export subsidy / Grants and Subsidies	1 061
	12 483		Insurance claims collected	1 076
	(76 033)		Other payments	(14 134)
3 807 782			(1) Net Cash flows from operating activities	8 076 854
			<b><u>Second: Cash flows from investment activities</u></b>	
	(109 193)		Disbursement for purchasing fixed assets (projects under construction)	(149 166)
	(1 000)		Under construction investments in subsidiaries	--
	(24 000)		Investments in Associate	--
	(59 435 907)		Treasury Bills purchased	(48 895 687)
	--		Bonds purchased	(7 320 751)
	(49 547 008)		Purchase investments in investments documents	(7 818 574)
	59 338 113		Treasury Bills Sales	47 980 351
	1 696 565		Bonds Sales	8 162 009
	50 477 415		Sales investments in investments documents	2 838 998
	300 483		Sales investments in investments documents gain	--
	(78 286)		Sales investments in investments documents loss	--
2 617 182			(2) Net Cash flows from investment activities	(5 202 820)
			<b><u>Third: Cash flows from financing activities</u></b>	
	(3 709 370)		Dividends paid	(3 958 298)
	--		Treasury shares Sales	19 796
(3 709 370)			(3) Net Cash flows from finance activities	(3 938 502)
212 558			(4) foreign currency exchange differences losses and gain	5 164
2 928 152			Net cash from 1/7/2022 to 30/6/2023	(1 059 304)
4 300			Cash balance as of 1/7/2022	1 063 604
2 932 452		(42)	Cash and cash equivalent at the end of the year 30/6/2023	4 300

- The accompanying notes (from No. 1 to No. 48) are an integral part of these financial statements and read therewith.

(Mr./ Haitham Talaat)

Head of current account and financing sector

(Mr./ Tamer Mosli)

Executive Managing for finance affairs

(Mr./ Hany Aman)

Managing Director and Chief Executive Officer

## **EASTERN COMPANY (S.A.E)**

### **1- COMPANY**

#### **Company's commercial name:**

Eastern Company (S.A.E) Located in Giza.

#### **Establish date and location:**

- The Company was established on 12/7/1920 in Giza city - the Arab Republic of Egypt.
- The Company was registered in the Commercial Register under No. 6069.
- The Company is located at the sixth industrial zone - Oasis Road plots numbers 1 (87 to 98) - Fifth zone - 6<sup>th</sup> of October City-Giza.

#### **Purpose**

- The Company main activities are manufacturing and trading of Tobacco leaf, its products and modern smoking alternatives and accessories/ practicing any investment, financial, commercial, industrial, agricultural or service activities (except all relevant provisions of the capital market according to the Law no. 95 for the year of 1992 with the commitment of the company to adjust its situation in accordance with the provisions of the Law No. 120 for the year of 1982.
- Real estate Ownership and Construction, purchasing and dividing lands for the purposes of utilization, rental or sale, import, export and commercial agencies.
- Establish, participate in establishing, purchasing of companies, contribute to them even if these entities are practicing its activities or part of it inside or outside the Arab Republic of Egypt, in order to develop or achieve any of its goals in accordance to the provisions of the laws, regulations and current decisions. Taking into consideration issuing the necessary licenses to practice these activities. The Company may participate or cooperate in any way with other companies which have similar or non-similar activities.

#### **Main shareholders**

The Holding Company for Chemical Industries owner of 50.95% from the company's shares as of 30/6/2023.

#### **Trading Shares on the Stock Exchange Market:**

The Company's nominal shares are traded in the Egyptian Stock Exchange market.

#### **Company duration:**

The Company's duration is Fifty years starting from 2/6/2019 till 1/6/2069 as from the date of registration in the commercial register.

#### **Date of issuing the financial statements:**

The financial statements have been approved by the board of directors on September 4 ,2023.

#### **Company's financial year:**

- From 1/7/2022 till 30/6/2023.
- According to the Extra-ordinary General Assembly meeting held on June 2, 2019 the shareholders approved to transfer the company and its legal statute from the

Public Business Sector Companies (Law no. 203 for the year of 1991) to be under the Corporate Company Law no. 159 for the year of 1981, and its executive regulation.

This is a result of decreasing the shareholder participation of the Holding company for Chemical Industries percentage of shares to less than 51% of the share capital of Eastern Company.

- Approving the new Articles of association which were prepared in accordance with Corporate Law no. 159 for the year of 1981 and its executive regulation as it was presented to the General Assembly.
- Private Placement percentage was 95% from the total offered shares with number of 96 187 500 shares, the share price was 17 EGP per share with total amount of EGP 1 635 187 500.
- Public Placement percentage was 5% from the total offered shares with number of (5 062 500 shares), the share price was 17 EGP per share with total amount of EGP 86 062 500.
- IPO has been covered by total amount of EGP 1 721 250 000.
- At 2/6/2019 the Shares Percentage of the Holding Company for Chemical Industries have been decreased from 55% to be 50.50%, (after execution of treasury stock).
- At 16/8/2022 The Capital decreasing has been approved from 2 250 000 Thousand pound to 2 230 000 by the financial regulatory authority so that percentage of the Holding Company for Chemical Industries is 50.95% (after execution of treasury stocks).
- The Company General Assembly held on May 26, 2022, and decided the follows:
  1. Approval of Amendment Agreement No. (1) of the agreement of the founders of the United Tobacco Company in preparation for a contribution of 24% in the capital of the United Tobacco Company.
  2. Approval of the main agreement regulating relations between the United Tobacco Company (under incorporation) and the Eastern Company "Eastern Company".
  3. Approval of a lease contract for a plot of land and buildings designated for the production of Philip Morris products with the United Tobacco Company.
  4. Approval of a lease contract for the production lines used in the production of Philip Morris products with a promise to sell with the United Tobacco Company.
  5. Approval of the rental and leaseback the machines owned by Philip Morris Company and intended for the production of Philip Morris products.
  6. Approval of a contract to manufacture a limited amount of Philip Morris tobacco products.
  7. Approval of the printing contract with the United Tobacco Company
- The Extra Ordinary General Assembly held on May 26, 2022 and decided the follows:

- Approval of the amendment of the company's address in the industrial and commercial register and the amendment of Article (4) related to that, as well as approval of the amendment of Articles (7) and (21) regarding the amendment of the name of the Chemical Industries Company to become the Holding for Chemical Industries

## **2- BASIS OF PREPARING FINANCIAL STATEMENT:**

### **2/1 Accounting Standards:**

- The standalone financial statements were prepared in accordance with Egyptian accounting standards and considering the relevant Egyptian laws and regulations. The company has a associate company, which is the United Company, and in accordance with Egyptian Accounting Standard No. (42) Consolidated Financial Statements. The company will prepare the consolidated financial statements immediately after the issuance of the audited financial statements of the United Company, as it as of the date of preparing the financial statements, the United Company has not yet issued its financial statements.

### **- 2/2 Basis of Measurement:**

- The stand-alone financial statements have been prepared in accordance with the historical cost methods except for financial investments at fair value through other comprehensive income which was measured at fair value at preparation date of financial statements.
- The stand-alone financial statements based on the company continuity.
- The stand-alone financial statements have been prepared according to the accrual basis except the cash flow which is prepared according to the cash basis.
- The cash flows statements have been prepared according to direct method.

### **2/3 Functional and presentation currency:**

- The company's standalone financial statements presented in Thousand Egyptian Pound, while the transaction currency is the Egyptian Pound.

### **2/4 Use of Estimates and Judgment:**

The financial statements have been prepared in accordance with the Egyptian Accounting Standards and this requires the use of estimates and assumptions that affect the values of assets and liabilities and the disclosure of potential liabilities, as well as on revenues and expenditures. Although these estimates are based on the best information available to management on current conditions and events, the results are they may differ from these estimates, and changes in the accounting estimate are included in the period in which this change occurred and in any future periods affected.

### **2/5 The information about applying the accounting policies which have huge impact at the recorded amounts in the financial statements which is shown according to the following policies:**

- **Disclosure NO. (3-8) Lease contracts - Disclosure NO. (3-17) Revenue recognition.**

**The following are main items that the company applied estimation and judgments:**

- Useful life of fixed assets
- Provisions
- Deferred tax assets
- Deferred tax liabilities

**2/6 Fair value measurement:**

- The fair value for financial instruments is determined based on either the market value or similar financial instrument at the date of the financial statements without deducting any future selling costs.
- The financial assets value is determined based on the current purchase prices of these assets, while the financial liabilities value are determine based on the current prices which can settle these liabilities.
- In case of an active market to determine the fair value of financial instruments, the fair value will be estimated by the different evaluation methods considering the latest transaction's prices or other similar instruments are guided, use the discounted cash flows method or any other evaluation method that result a reliable value.
- Estimates of the future cash flows based on the best the management estimates when use the discounted cash flows as an evaluation method and determine the used discounted rate according to the prevailing market price as at the financial statements date of similar financial instruments of their nature and conditions.

**3- SIGNIFICANT ACCOUNTING POLICIES:**

The Significant Accounting Policies applied in a consistent base throughout the presented financial periods in these financial statements.

**3/1 Foreign Currencies translation:**

- The company's functional and reporting currency is the Egyptian pound.
- Transactions denominated in foreign currencies during the year are translated to Egyptian pounds at the prevailing rates as at the transaction date. At year-end, monetary assets and liabilities denominated in foreign currencies are translated to Egyptian pounds using the prevailing rates as at that date. Translation differences are included in the income statements.

**3/2 Fixed Assets and Depreciation:**

**3/2/1 Subsequent cost:**

- Items of property plant and equipment are stated at cost and presented in the statement of financial position net of accumulated depreciation and accumulated impairment losses, if any.

- The cost of PPE is determined by capital expenses connected directly to purchase an asset which include the cost of the self-manufactured assets cost of the materials and direct wages and any other costs incurred by the company so the fixed asset is ready to use.

**3/2/2 Subsequent cost:**

- The replacement cost incurred for any component of the items of property recognized as part of the asset cost after disposing the carrying amount of that component.

**3/2/3 Subsequent cost:**

- The items of property plant and equipment are depreciated according to the straight line method and the depreciation cost is charged to income statement over the useful life for each item.

**Estimated useful live**

**Estimated useful lives (year)**

Buildings	25-50
Machines	10
Vehicles	5-8
Tools	5
Furniture	4-10

**3/3 Projects under construction:**

- Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to the working condition for its intended use. Projects under construction are transferred to the fixed assets at cost when they are completed and are available for the purpose for which they were acquired.

**3/4 Investments property:**

- Investments property are valued at cost, and in case of a permanent decline, it will be charged to the income statement. Investment property are represented in lands and properties held to earn rental or capital appreciation or both or increase in their value. Investment property were measured initially at cost and were subsequently measured at cost minus the accumulated depreciation and impairment losses, and depreciation expense and impairment losses are charged to income statement.
- Investment property is depreciated according to the straight-line method, over the estimated productive life of each item of investment property. Land is not depreciated, and the useful life of properties is estimated at 2% to 3.75%.
- Profits or losses from disposing are calculated as the difference between the net proceeds from disposal of the property and the net book value which charged to income statement.

**3/5 Investments in associate:**

- The company recognizes the investments in associate at cost in the financial statements according to Egyptian accounting standards related which it recognizes

the dividends of its investments in associate within the profit and loss in its financial statements and when it has the right to receive dividends.

**3/6 Investments:**

**3/6/1 Financial investments at fair value through other comprehensive income:**

- Financial investments at fair value through comprehensive income are measured later at fair value through the statement of comprehensive income. Interest income is calculated at amortized cost using the effective interest method, and foreign exchange gains and losses are included in profit or loss. Upon exclusion, the accumulated profits and losses in the statement of comprehensive income are reclassified as profit and losses.

**3/6/2 financial investments at amortized cost:**

- Investments in government bonds are valued at acquisition cost and the return on these investments is recognized under the income from investment item in the income statement.

**3/6/3 Financial investments at fair value through profits and losses:**

- Treasury bills are measured at cost through profits and losses, and investment funds are measured at fair value through profits and losses.

**3/7 Other assets:**

- The other assets are represented in the licenses cost which expected to generate future economic benefits for the company and the company contribute in establishment of non-owned assets to serve its purposes.
- The other assets are recognized initially at cost after deduction amortization. Cost includes all expenditures directly attributable to bringing the asset to the working condition for its intended use.
- The amortization percentage for the non-owned assets 10%, H.R program amortization 25%, and the Microsoft program amortization 25%.

**3/8 Lease contracts:**

**1- Determine whether the arrangement contains a lease contract or not**

- At the inception of the arrangement the company determines whether the arrangement is or contains lease at the outset or upon re-evaluation of any arrangement containing a lease, the company details the payment and other consideration what is required by the arrangement in those for the lease contract is those for other the elements on the basis of their relative fair values if the company concludes in a finance lease contract that it's not possible to separate payments in a reliable manner, then the asset and liability are recognized at an amount equal to fair value of the underlying asset, after which its reduced the liability is when the payments are made and a financing cost calculated on the liability is recognized using the borrowing rate.

**2- Leased assets:**

- Lease contracts for property, plant and equipment that transfer to significant degree to the company all the risks and rewards associated with ownership are classified as financial lease contracts the leased assets are initially measured at



an amount equal the fair of the fair value and present value of the minimum lease payments, whichever is less after the initial recognition, the assets are accounted for in accordance with the accounting policy applied to that asset.

- Assets held under other lease contracts are classified as operating lease contracts and are not recognized.

**3- Lease payments:**

- Payments made under operating leases are recognized in profit or loss on straight line basis recognized as an integral part of over the term of the lease.
- Lease incentives received are total leasing expenses, over the term of the lease the minimum rental payments made under financial lease contracts are divided between financing expense and reducing outstanding obligations, Financing expenses are charged for each period during the lease, to reach a fixed periodic interest rate on the remaining balance of the obligation.

**3/9 Inventory:**

- Inventory of raw materials and production's inputs are stated at cost or net residual cost which is less and the raw materials consumptions are evaluated based on weighted average cost.
- Inventories of non-finished goods are stated at cost till the last production stage.
- Inventories of finished goods are stated at lower of cost or net realizable value.
- The company follow the continuing count method.
- The inventories of Tobacco leaf materials are sufficient for around 3,8 months.
- The inventories balance of finished goods is sufficient to meet the market needs for 6.5 days.
- The raw materials inventory includes Tobacco leaf in customs warehouses amounted to 826 million Egyptian pounds and the due customs duties must be paid upon receipt from these warehouses.

**3/10 Cash on hand and at banks:**

- Cash and cash equivalents are comprised of cash on hands, at banks and time deposits with maturity of three months or less.

**3/11 Provisions:**

- Provisions are recognized when the company has a present or constructive obligation as a result of past events, and it is expected that the company will require to settle the obligation, and a reliable estimated be made for the amount of the obligation.
- The provisions balance are revised at financial statements date and adjusted according to the best estimates (if necessary).

**3/12 Capital:**

- Paid up and issued capital represent the nominal value per share multiplied by the number of shares as of financial statements date.

**3/13 Employees benefits:**

**a. current employee benefits:**

The short-term employee benefits are recognized as expense when providing the related service, the expected payment is recognized as a liability when the Company has a legal or implicit obligation to pay this amount against a service which has been provided by the employee and the obligation can be reliably measured.

**b. Defined subscription benefits:**

The obligations of defined subscription benefits systems are recognized as an expense when the related service is provided. Prepaid contributions are recognized as an asset to the extent that the advance payment leads to a reduction in future payments or a cash refund. The company contributes to the government social insurance system for the benefit of its employees in accordance with the Social Insurance Law. Under this law, employees and employers contribute to the system with a fixed percentage of wages, limited to The company's commitment to the value of its contribution, and the company's contributions are charged with profits or losses according to the accrual basis.

**c. Employee end of service benefits:**

The company recognizes termination benefits as an expense on one of the following two dates, whichever comes first, when the company can no longer cancel the offer of those benefits or when the company recognizes restructuring costs, and when it is not expected that the benefits will be settled in full within 12 months. Reviewed after the date of preparation of the financial statements, they must be discounted at a discount rate - before taxes to reflect the time value of money.

**3/14 Reserves:**

- The company's reserves are formed either by law or by the company's bylaws in order to strengthen the company's financial position. The reserve is used by decision of the General Assembly based on the proposal of the Board of Directors in what is most in the company's interests.

**3/15 Buy back shares or reissue ordinary shares (Treasury Stock):**

When the shares of the issued capital are buyback, the amount paid for the buyback shares is recognized including all direct costs related to the buyback by reducing the equity, the buyback shares are classified as treasury stock and presented deducted from the equity, when selling or issuing the treasury shares, the collected amount is recognized as an increase in the shareholders' equity and the surplus or deficit resulting from the transaction has to be presented as a shares premium.

**3/16 Borrowing Cost:**

- Borrowing cost are initially recognized upon receipt the loans or credit facilities, current portion are classified in the current liabilities unless that the company has the right to reschedule the payment of loans for more than one year after the date of the financial position which will be classified as long-term loan in the long-term liabilities.

**3/17 Revenue:**

**a. The Egyptian accounting standard no.(48)-Revenue from contracts with customers:**

- The Egyptian Accounting standard No.(48) Revenue from contracts with clients has been applied which replaced the accounting standards no.(11) and no.(8)
- Revenue recognition:

Revenue is recognized on the basis of Five-step model as defined in the Egyptian accounting standard No. (48) as follows:

  - **Step (1):** identify contract(s) with customers. Contract is defined as agreement between two or more parties that creates enforceable rights and obligations and specifies the criteria that must be fulfilled in each contract.
  - **Step (2):** identify separate performance obligations in the contract. Performance obligation is a promise in a contract with a customer to transfer to the customer either good or service
  - **Step (3):** Determine the transaction Price  
The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties
  - **Step (4):** Allocation of transaction price to distinct performance obligations in the contract for the contracts which has more than performance obligation. The company will allocate the transaction price to each performance obligation to a specific amount in exchange for the contract that the company expects to obtain in exchange for fulfilling each performance obligation
  - **Step (5):** Recognize revenues when the company satisfies the performance obligations

**b. Credit Interest Revenue:**

The Credit Interests revenue are recognized using the effective interest rate, the revenue of credit interest is recorded in the income statement.

**3/18 Income tax:**

- The income tax on the profit for the period comprises income tax for the period and deferred tax, and it should be recognized in the income statement, the income tax on the net profit is recognized by using the current tax price rate as of the financial statements date.
- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted by the balance sheet date.
- Deferred tax assets are recognized for the entity when there is a proven probability to achieving profit subject to tax in the future, and can get a right of this asset, and the value of the deferred tax assets is reduced by the value of the part from which the expected tax benefit is achieved during the following periods.

**3/19 Accounting for grants and subsidies:**

The company recognized revenue from the export subsidy (grants and subsidies) in income statements and the donated assets recorded as grants in the fixed assets item and charge the depreciation related to income statement.

**3/20 Dividends:**

- Dividends are recognized when shareholders have the right to receive the amounts of these dividends.

**3/21 Company profit from sale revenue:**

Gains from sale of financial investments are recognized immediately upon receipt of evidence of the transfer of ownership to the buyer, based on the difference between the sale price and their book value on the date of sale.

**3/22 Investment income:**

Revenues are generated when the company collects dividends from investments when the dividends are approved by the general share of the invested companies.

**3/23 Employees' profits share:**

- Employees' profits share should be paid without exceeding their total annual basic salaries in accordance with the law.

**3/24 Contingent liabilities:**

<b><u>Company contingent liabilities</u></b>	<b><u>Amounts in Thousands of Egyptian Pounds</u></b>
letters of guarantee relevant to Cairo and Alexandria customs	307 294
Letter of credits	1 587 994
<b>Total</b>	<b>1 895 288</b>

**4- FINANCIAL RISK MANAGMENT**

**4/1 Credit Risk:**

- The financial instruments risk represents the inability to pay due to liquidity issues of debtors with credit term and cash and deposit at banks except for cash at safe and financial deposits in case that liquidity is not available to the other party, and therefore its inability to pay these balances and fulfill its agreed obligations.
- The company management to control credit risk deals with reputable financial institutions with high credit and stable rating.

**4/2 Liquidity Risk:**

- The liquidity risk is the risk that when the company cannot settle its liabilities or financial commitments on due dates, the Company's approach regarding managing liquidity is to ensure that it has a sufficient liquidity to meet its liabilities on its due dates in both normal and critical circumstances without incurring unacceptable losses or damaging the Company's reputation, the company also ensures the cash is available on request to meet the expected operating expenses for an appropriate period of time including the financial obligations and disposal the potential impact of acute and unpredictable conditions such as natural disasters.

Also the company invests the available excess cash from daily cash receipts in the best aspects of short-term investment

**4/3 Market Risk:**

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

- Market risk represents in the changes in the market prices such as foreign exchange currencies and interest rate.
- The purpose of managing market risk is managing and controlling the market risk exposure within the acceptable parameters with maximizing revenue.

**(a) Foreign currencies risk:** The foreign currency risk is represented in changes in foreign currency exchange rates, which affect the payments and receivables in foreign currencies, as well as evaluating assets and liabilities in foreign currencies which the company management facing it through setting policies such as the value of what the company gets from the spare parts local manufacturing and capital equipment, purchasing from suppliers agents, etc.

**The Foreign currencies balances as of JUNE 30, 2023: (In thousands)**

	<u>Assets</u>	<u>Liabilities</u>	<u>Net value</u>
Dollars	3 678	73 329	(69 651)
Euro	72	6 736	(6 664)
Sterling pound	3	161	(1588)
Swiss Franc	34	0	34

**(b) Interest rate risk:** The Company is dealing with various banks with interest rates that enable it to reduce the risk of changes in interest rates, whether debit interest or credit interest through competition among banks in order to get the best rates based on the large business size.

- Interest-bearing bank deposits during the financial time period referred to which are the total deposits in local and foreign currencies.
- The fair values for financial instruments are not materially different from their carrying values at the end of the financial period.

**4/4 Capital Management:**

- The company's policy is to maintain a strong capital base in order to maintain shareholders, creditors, and market confidence and to support future development. The company's management's goal in managing capital is to maintain the company's ability to continue in a way that achieves a return for shareholders and provides benefits to other parties to gain market confidence and support future development. The company's management also aims to maintain the best capital structure, which leads to reducing capital costs. Management monitors the return on capital to maintain the best capital structure. The Board of Directors also monitors the level of shareholder distributions. The company's management monitors the capital structure using the ratio of net liabilities to total capital. Net liabilities represent the total current and non-current liabilities, minus cash and cash equivalents, and the total capital represents the total equity of the company as shown in the company's independent financial position, in addition to the net liabilities:

	<u>30/6/2023</u>	<u>30/6/2022</u>
Total Liabilities	10 184 362	14 311 108
Deduct: Cash and cash equivalent	(3 220 564)	(1 260 606)
	<u>6 963 798</u>	<u>13 050 502</u>

<b>Total Owner's Equity</b>	<b>16 116 399</b>	<b>12 432 556</b>
	<b>.43</b>	<b>1.05</b>

**5- RELATED PARTIES DISCLOSURE:**

- The Holding Company for Chemical Industries hold 50.95% from company's shares after the approval of the concerned authorities on August 16, 2022 to reduce the capital of the company with maintaining the same number of shares of the holding company.
- Related parties are treated on the same basis as others.
- The company during the period from 1/7/2022 till 30/6/2023 has incurred salaries, allowances, and bonuses for members of the high management and the company's board of directors.

**6- FINANCIAL INSTRUMENTS:**

- The company applied the Egyptian Accounting Standard No. (47) financial instruments, and in light of the way of applying the change in the accounting policies chosen by the company in applying this standard, the differences resulting from the application of this standard referred to "if any" within the Retained earnings and the comparative information included in these financial statements was not modified to reflect the requirements of the new standards.

**6/1 Accounting standard No. (47) - Financial instruments:**

Standard No. (47) contains main classifications to financial assets:

- Measurement at amortized cost
- Fair value through comprehensive income
- Fair value through profits and losses

And the classification of the financial assets under accounting standard no. (47) is based to the business model in which the financial assets management and the characteristics of the contractual cash flow takes place

The Egyptian accounting standard no. (47) omit the previous items of the Egyptian accounting standard no. (26) from investments held to maturity, loans and receivables and available- for -sale financial assets

The Egyptian accounting standard no. (47) Keeps to a large extent the current requirements in the standard no. (26) for measurement and classification the financial liabilities

The application of the Egyptian accounting standards no. (47) doesn't have a significant effect on the accounting policies related to the financial liabilities and derivative financial assets.

**6/2 Impairment of financial assets:**

- Egyptian Accounting Standard No. (47) replaces the "incurred loss" model in Egyptian Accounting Standard No. (26) with the "expected credit loss" ECL model. The new impairment model is applied to financial assets measured at amortized cost, contractual assets and investments in debt instruments measured at fair value through Other comprehensive income,

but not on investments in equity instruments under Egyptian Accounting Standard No. (47), credit losses are recognized earlier than in Egyptian Accounting Standard No. (26), for assets that fall within the scope of the impairment model contained in Egyptian Accounting Standard No. (47) It is expected that impairment losses will increase in general and become more volatile.

- The Company measures the impairment loss to financial management at the amount of the credit loss path expected over the lifetime if the credit risk on that financial department has increased significantly since initial recognition.
- If at the reporting date on a financial instrument the credit risk has not increased significantly since initial recognition, the company must measure the impairment loss for that financial instrument at an amount equal to the 12 months expected credit losses.
- If the company had measured the impairment loss for a financial instrument at an amount equal to the expected credit losses over its life in the previous reporting period, but decided at the financial reporting date that it was no longer met, then the company measures the impairment loss at an amount equal to the expected credit losses over a period of 12 months from the date of the financial instrument.
- The company records the amount of credit losses to a gain or loss in profit and loss, which is required to adjust the impairment loss at the reporting date to the amount that must be recognized in accordance with Standard (47) as a gain or impairment loss.

### **6/3 Expected credit losses measurement**

- It is a probability-weighted estimate of credit losses: the present value of all cash shortfalls was measured (the difference between the cash flows due to the entity in accordance with the contract and cash flows that the company expects to received).
- Expected credit losses are discounted at the effective interest rate of the financial asset.

### **6/4 Expected credit losses provision presentation**

- Impairment losses for financial assets measured at amortized cost were deducted from the total amount of the assets' book value, either for securities in debt securities that were measured at fair value through other comprehensive income, the impairment losses were charged to profits or losses and recognized in other comprehensive income.

### **6/5 Contingent assets**

The potential assets represent the compensation values issued in favor of the company according to the following statement:

	<b><u>Value (in millions)</u></b>
A judgment was issued in Case No. 9869 of 1994 (total civil) Cairo appeals to compensate the company, and that was	12

during the 10/5/2017 hearing and until this date, the judgment has not been implemented. And the implementation procedures are underway in cooperation with the governor of Cairo.

A judgment was issued in Case No. 3650 for year 2000 Civilians, College of Giza, on December 25, 2019, and to date, the judgment has not been implemented And the implementation procedures are underway in cooperation with the governor of Giza

42

**Total**

**54**

## **5- TAX POSITION**

### **7/1 Corporate Tax:**

- The company was inspected till the financial year 2014/2015.
- The company has received for years 2015, 2016, 2016, 2017, 2017, 2018 form no. (19) income tax and appealed on legal due date.
- The financial year 2018, 2019, 2019, 2020 is under inspection.

### **7/2 Stamp Tax:**

- The company was inspected from 01/07/2016 till 30/6/2020 and was received form no. (19) stamp and appealed on legal due date.

### **7/3 Payroll Tax:**

- The company was inspected till the financial year 2012 and there are no due requirements from the company.
- For the years 2013 till 2019 the company received a salary form (38) was received and appealed on legal due date

### **7/4 Value Added Tax:**

- The company was inspection for the years from 01/07/2016 to 30/06/2019 and the due tax was paid.
- For the year from 01/07/2019 to 30/06/2021 is checked and waiting form (15).

### **7/5 Property Tax:**

- The company paid the accrued property according to claims received from real state tax authorities for the year of 2023



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

**8- PROPERTY, PLANT AND EQUIPMENT**

(Amounts expressed in Thousands of Egyptian Pounds)

	<u>Lands</u>	<u>Buildings</u>	<u>Machines and equipment</u>	<u>Vehicles</u>	<u>Tools</u>	<u>Furniture and office equipment</u>	<u>Total</u>
<b>Fixed assets statement:</b>							
<b>Cost as of 1/7/2021</b>	<b>198 515</b>	<b>3 553 109</b>	<b>5 632 626</b>	<b>355 523</b>	<b>165 504</b>	<b>860 633</b>	<b>10 765 910</b>
Transfers	--	--	--	--	--	--	--
Additions during the period	--	86	93 566	1 259	36 522	16 647	<b>148 080</b>
Transferred to investment property	--	--	--	--	--	--	--
Disposals and transfers during the period	--	--	14 765	8	679	2 512	<b>17 964</b>
<b>Total Cost as of 30/6/2022</b>	<b>198 515</b>	<b>3 553 195</b>	<b>5 711 427</b>	<b>356 774</b>	<b>201 347</b>	<b>874 768</b>	<b>10 896 026</b>
<b>Cost as of 1/7/2022</b>	<b>198 515</b>	<b>3 553 195</b>	<b>5 711 427</b>	<b>356 774</b>	<b>201 347</b>	<b>874 768</b>	<b>10 896 026</b>
Transfers	--	--	--	--	--	--	--
Additions during the period	--	--	270 051	--	2 188	10 961	<b>283 200</b>
Transferred to investment property	--	--	--	--	--	--	--
Disposals and transfers during the period	--	--	--	5 050	4 859	12 945	<b>22 854</b>
<b>Total Cost as of 30/6/2023</b>	<b>198 515</b>	<b>3 553 195</b>	<b>5 981 478</b>	<b>351 724</b>	<b>198 676</b>	<b>872 784</b>	<b>11 156 372</b>
<b>Accumulated depreciation and impairments:</b>							
<b>Accumulated depreciation as of 1/7/2021</b>	--	927 640	3 679 438	304 353	156 854	<b>712 877</b>	<b>5 781 162</b>
Transfers	--	--	--	--	--	--	--
Additions during the period	--	91 966	373 123	14 230	6 764	47 621	533 704
Transferred to investment property	--	--	--	--	--	--	--
Disposals and transfers during the period	--	--	14 766	8	679	2 509	17 962
Impairment of fixed assets	--	--	892	--	--	--	892
Disposals impairment provision	--	--	--	--	--	--	--
<b>Accumulated depreciation and impairment as of 30/6/2022</b>	--	<b>1 019 606</b>	<b>4 038 687</b>	<b>318 575</b>	<b>162 939</b>	<b>757 989</b>	<b>6 297 796</b>
<b>Accumulated depreciation as of 1/7/2022</b>	--	<b>1 019 606</b>	<b>4 038 687</b>	<b>318 575</b>	<b>162 939</b>	<b>757 989</b>	<b>6 297 796</b>
Transfers	--	--	--	--	--	--	--
Additions during the period	--	91 759	340 241	12 308	9 314	24 808	<b>478 430</b>
Impairment of fixed assets	--	--	--	5 050	4 859	12 943	<b>22 852</b>
Disposals and transfers during the period	--	--	--	--	--	--	--
Disposals impairment provision	--	--	60 09	--	--	--	<b>60 09</b>
<b>Accumulated depreciation and impairment as of 30/6/2023</b>	--	<b>1 111 365</b>	<b>4 372 919</b>	<b>325 833</b>	<b>167 394</b>	<b>769 854</b>	<b>6 747 365</b>
<b>Property, plant and equipment assets of 30/6/2022</b>	<b>198 515</b>	<b>2 533 589</b>	<b>1 672 740</b>	<b>38 199</b>	<b>38 408</b>	<b>116 779</b>	<b>4 598 230</b>
<b>Property, plant and equipment assets of 30/6/2023</b>	<b>198 515</b>	<b>2 441 830</b>	<b>1 608 559</b>	<b>25 891</b>	<b>31 282</b>	<b>102 930</b>	<b>4 409 007</b>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

An amount of 97 550 Thousand pound related to Al-Zumar site, as well as 53 337 Thousand pounds for the Manesterly site, as well as 19 797 Thousand pounds for the Niaza site, was transferred from fixed assets to investments property according to the company's Board of Directors Decision No. 16 of 2020

On 24/11/2019 the company's board of directors decided in its meeting the decision No. 10 for 2019, going through procedures to re-exploit the company's stores and factories of Al-Zumar Street and change its activities to a hospital and tourism services this is in exchange for paying the value of the improvement which amounted 83 930 Thousand Egyptian Pounds, to be paid in two installments:

- First installment 50% and it was paid upon the issuance of the approval of the Chairman of Giza City Council.
- Second installment the 50% remained was paid on 1/12/2020.

On 15/2/2020 the company was have the approval of the Exceptions Committee of the Housing and Utilities Directorate in Giza was obtained and initial approvals of (water, sanitation, civil defense, traffic, electricity) were obtained and the approval to construction of the project was paid, and the first installment was paid upon obtaining this approval, and on 6/9/2020 The Board of Directors decided, in a session No. 16 of 2020, to approve the conversion of all the assets of Al-Zumar site as well as the Manesterly site from fixed assets to investments property.

\* The fully depreciated property, plant and equipment as of JUNE 30, 2023 is 4 001 741 Thousand Egyptian Pounds include:

\* Fully depreciated property, plant and equipment still in use amounted to 3 117 811 Thousand Egyptian Pounds (including machines and equipment amounted to 2 040 376 Thousand Egyptian Pounds)

\* Fully carried depreciated fixed assets and others under scrap process amounted to 463 483 Thousand Egyptian Pounds.

\* The fixed assets are including approximately 65 979 Thousand Egyptian Pounds representing net donated assets as following:

<b><u>Donated Assets</u></b>	<b><u>Amounts expressed in Thousands of Egyptian Pounds</u></b>
Production's machinery	64 870
Production Utilities, equipment of Services	134
Transportation Vehicles	2
Furniture	973
<b>Total</b>	<b>65 979</b>

\* The buildings include a value of 4 million EGP related to Giza buildings, and an optimization study is underway.

\* The amount of 262 thousand pounds was deducted from the value of the buildings and represents the value of the impairment of the building of the power station in Muharram Bey.

\* The General Assembly held on 25 October 2020 decided to Waiver the company's land in the city of Al-Arish to a sovereign side due to the expiry of the license and the impossibility of using it under the security conditions in the region

**Financial Leasing:**

- The Decree of Minister of Investment and International Cooperation No. (69) of 2019 was issued to modify some provisions of the Egyptian Accounting Standards which issued by the Minister of Investment Decree No. 110 of 2015 by replacing the Financial Leasing Standard no. 20 (old one) by a new one numbered (49) covering the Financial Leasing Contracts.
- The financial leasing contracts were treated by the Egyptian Accounting Standard no. (49) according to the Amended Accounting Standards for the year of 2019, This amended standard applied for the leasing contracts which were under the finance leasing law no. 95 for the year of 1995 and its amendments, these contracts were treated by the Egyptian Accounting Standard no. (20) which was stating that “the accounting rules and standards related to process of the finance leasing” and the finance leasing contracts which established under the law of organizing the finance leasing and the factoring activities no. 176 for the year of 2018 starting from the beginning of the annual report time period which in the law no. 95 for 1995 was canceled and instead of the law no. (176) for 2018 was issued.
- A contract was signed with QNB Al-Ahly Company for Financial Leasing to sell and rent some machines with total cost of (398 324 153 Egyptian Pounds) by changing interest rate (average price of corridor + 1.2%) on 28/6/2012 for 6 years in addition to two years as an extra years, after that time period the total rental amount should be paid for 72 months
- The ownership of these machines will devolve to the company at the end of contract with a memorial amount of one Egyptian Pound.
- The last installment of the lease value of the financial leasing contract was paid with QNB Al-Ahly Financial Leasing Company on 28/6/2020.

**9- PROJECTS UNDER CONSTRUCTION**

	<b><u>In thousands</u></b>	
	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Investments configuration	249 703	481 810
Investment expenditure	2	1 627
<b>Total</b>	<b><u>249 705</u></b>	<b><u>483 437</u></b>

**Projects investment configuration:**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Buildings	1 456	1 513
Machines	21 658	285 429
Transportation Vehicles	0	30
Tools	0	189
Office equipment and installations	226 589	194 649
<b>Total</b>	<b><u>249 703</u></b>	<b><u>481 810</u></b>

**Investments expenditure:**

	<u>30/6/2023</u>	<u>30/6/2022</u>
Advance payments fixed assets	0	775
LCs of fixed assets	2	852
<b>Total</b>	<u>2</u>	<u>1 627</u>

### **10- INVESTMENTS PROPERTY**

The net investments property on JUNE 30, 2023 amounted to 127 656 Thousand Egyptian pounds. The following is the movement of investments property during the period:

<b>Cost as of 1/7/2021</b>	<b>8 899</b>
Transfer from assets	170 684
Additions	--
Disposals	--
<b>Cost as of 30/6/2022</b>	<u><b>179 583</b></u>
<b>Cost as of 1/7/2022</b>	<b>179 583</b>
Transferred to fixed assets	--
Additions	--
Disposals	--
<b>Cost as of 30/6/2023</b>	<u><b>179 583</b></u>
<b>Depreciation</b>	
accumulated depreciation at 1/7/2021	--
Transferred to accumulated depreciation	50 238
Additions	845
disposals	--
<b>accumulated depreciation at 30/6/2022</b>	<u><b>51 083</b></u>
<b>Accumulated depreciation at 1/7/2022</b>	<b>51 083</b>
Transferred to accumulated depreciation	--
Additions	844
disposals	--
<b>accumulated depreciation at 30/6/2023</b>	<u><b>51 927</b></u>
<b>Net book value at 30/6/2022</b>	<u><b>128 500</b></u>
<b>Net book at 30/6/2023</b>	<u><b>127 656</b></u>
<b><u>The items of investments property represented as follows:</u></b>	
Land of Gezerat Eldahab at Al-Bahr Al-Azam Street – Giza	8 894
El Zommor site *	97 550
El Manisterly site *	53 337
El Niaza site	19 797
Gan Marshan land	5
<b>Total</b>	<u><b>179 583</b></u>

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

- Al-Zumar and Al-Manesterly sites have been reclassified to investments property according to the approval of Board of Directors meeting no. (16) for 2020, held on September 6. 2020, based on the memorandum presented on September 2.2020 to convert of all the assets of Al-Zumar site as well as the Manesterly site from fixed assets to investments property it was also approved to convert Niaza factory site to investment property.
- Non – Current Asset held for sale

**30/6/2023**

Saloom Factory Land

**30/6/2023**

**Amount in thousand**

404

**404**

- The plot of land owned by the company located at 41 Abu Darda Street, Laban Division, Alexandria Governorate, was announced for sale by public bidding in the closed envelopes system on Thursday, January 30. 2020, with a total value approximately 51 743 thousand pounds, where the payments will be as follows: -
  - Receiving the guarantee payment amounted 500 thousand pounds to the company's treasury after the auction has been awarded.
  - The remaining 25% of the guarantee value has to be paid within fifteen days from the date of notification of the award.
  - 25% of the sale value should be paid within 3 months from the date of notification of the award.
  - The remaining 50% should be paid in 12 installments over three years, considering adding an interest equal to the declared lending interest of the central bank as a compensatory interest.
  - The preliminary sales contract will be released upon paying 50% of the total sale value, in addition to that the land still belongs to the company`s properties.
  - The sales procedures were not completed because one of the partners failed to pay a share in the next payment of the initial insurance amount to complete the first 25% of the total sale value and exit and waive its share and the solidarity of the rest of the partners in paying the dues of that partner after the approval of the Board of Directors of session No. 12 for the year 2020 on 25 June 2020. To date, however, only 14 049 million pounds of land value has been paid without the rest of the partners completing the 50% of the sale value and are committed to paying it within 3 months of the date of notification of the gearing until the sale contract is released and the procedures are completed.

**11- Investment in Associates**

- Its investments in associate represent 24% of the United Company`s , as the Eastern Company has significant influence over the United Company, as the Eastern Company is represented in the United Company`s capital.

**12- INTANGIBLE ASSETS**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Computers' program and H.R software license update	62 695	37 113
Amortization	(37 937)	(34 962)
Refunded Sales tax	(349)	(349)
<b>Net</b>	<b><u>24 409</u></b>	<b><u>1 802</u></b>

**Amortization statement as follows:**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Beginning balance	1 802	2 999
Additions	25 582	--
Amortization	(2 975)	(1 197)
Ending balance	<b><u>24 409</u></b>	<b><u>1 802</u></b>

\*The economic life of intangible assets was reassessed by technicians, which was estimated at four (4) years.

**13- FINANCIAL AT FAIR VALUE THROUGH OTHER COMPREHINSIVE INCOME**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Investments in bonds	2 361 585	3 286 772
Investments in dollars bonds	1 174 542	1 354 302
(Less) impairment in securities*	(324 484)	(187 633)
<b>Net</b>	<b><u>3 211 643</u></b>	<b><u>4 453 441</u></b>

\* The financial investments through other comprehensive income are offered in financial statements are debt instruments measured at fair value through other comprehensive income where assets are subsequently measured at fair value and revenues from investments calculated using actual interest, profit and losses results from revaluation of foreign currencies and the amortization related to these investments are recorded in the income statement. foreign exchange profits and losses, profit or loss are recorded profits and other losses in the other comprehensive income list when excluded, profits and accumulated losses in the other comprehensive income to profits and losses.

- The Egyptian bonds were evaluated at their book value on June 30, 2023, at a value of 2,246,300 thousand pounds. Likewise, the fair value of dollar bonds on June 30, 2023 was valued at 965,343 thousand pounds.

The dollar bonds were valued at book value on June 30, 2023, minus the valuation of the dollar bonds at fair value according to the prices of the Bank of Cairo on June 30, 2023 and the difference in adjusting the revaluation differences, taking into account the valuation at the Central Bank's prices.

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

Egyptian bonds with a nominal value of \$900 million were redeemed, and dollar bonds with a nominal value of \$32.5 million were redeemed, and this is in addition to the charge on currency differences to date.

**14- FINANCIAL INVESTMENT AT AMORTIZED COST**

	<u>30/6/2023</u>	<u>30/6/2022</u>
Deposit in the Central Bank of Egypt invested in government bonds*	20 663	20 663
Investments in other companies shares	5	5
Investments in foreign securities**	23	23
<b>Total</b>	<b>20 691</b>	<b>20 691</b>
Less impairment in securities	(23)	(23)
Less provision for expected credit losses	(136)	
<b>Net</b>	<b>20 532</b>	<b>20 668</b>

\* Cash deposit in the Central Bank of Egypt to be invested in Governmental bonds and National Investment Bank against 5% of the surplus from the prior years of issuing the law no. 203 for the year of 1991, the cash deposit yields a return of 3.5% annually against surplus invested in governmental bonds.

\*\* Investments in foreign securities

**15- RIGHT OF USE LEASED ASSETS**

	<u>30/6/2023</u>	<u>30/6/2022</u>
Right of use leased assets	507 561	507 561
Accumulated depreciation right of use leased assets	(290 067)	(281 887)
<b>Net</b>	<b>217 494</b>	<b>225 674</b>

- The company's financing leases (sale and lease back), which expired before the issuance of The Egyptian Accounting Standard No. (49), which still have a productive age, were processed in accordance with the requirements of Annex C of the standard, which consists of the company's buildings, which range in age from 40 , 50 years, which were sold and re-leased during fiscal year 2009, where the date of operation in the fiscal year 2007 and includes these buildings (building of the preparation factory - building of Workshops - Power plant building) which its historical cost of 348 million pounds, in addition to the previous treatment of the assets of the right of use and for machinery, which costs about 159 million pounds.

**16- OTHER ASSETS**

	<u>30/6/2023</u>	<u>30/6/2022</u>
The company's contribution to the project of filling, improvement and coverage of the El Zomor Canal	453	544
Long term prepaid expense *	18 000	19 000
<b>Net</b>	<b>18 453</b>	<b>19 544</b>

\* The 18 million pounds represents the value of the non-rolling and prepaid part of the electricity consumption project for the construction of a B.O.T power plant in the industrial complex on October 6th.

\* An amount of 178 pounds deducted as a provision for expected credit losses for other assets

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

**17- INVENTORY**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Raw materials *	623 642	515 841
Raw materials (Tobacco leaf) under customs custody (unpaid custom yet) **	831 359	1 253 388
Fuel inventory	2 045	2 182
Spare parts	662 104	640 157
Packaging	1 426 882	1 418 545
Waste and scrap	689	2 239
Materials and spare parts under process storage	430	962
Production work in process	54 466	47 002
Finished goods	168 467	216 126
Consignment packing materials and spare parts	1 090	4 697
Letter of Credit	161 103	94 404
<b>Total</b>	<b><u>3 932 277</u></b>	<b><u>4 195 543</u></b>
Less the write down in inventory ***	(52 591)	(48 097)
<b>Net</b>	<b><u>3 879 686</u></b>	<b><u>4 147 446</u></b>

- The stock of raw materials on June 30, 2023, includes items under inspection, packing and wrapping materials amounting to 45,118 thousand pounds, and they are examined and received for final receipt, noting that the inspection is carried out periodically for all received items.
- The unpaid customs duties are estimated at 57,587 thousand Egyptian pounds, and the total fees for developing the state's financial resources for this tobacco are estimated at 12,716 thousand Egyptian pounds.
- Write down in inventory include:

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Raw Materials	720	707
Spare parts	47 186	47 269
Packing materials	3 848	--
Semi-finished products	92	--
Finished products	745	121
<b>Total</b>	<b><u>52 591</u></b>	<b><u>48 097</u></b>

**18- TRADE AND NOTES RECEIVABLE**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Trade receivables (foreign production)	67 452	126 679
Trade receivables (co-production*)	0.00	10 336
Foreign Trade receivables	3 700	4 343
<b>Total</b>	<b><u>71 152</u></b>	<b><u>141 358</u></b>
Deduct: provision of expected credit losses	<b>(846)</b>	<b>(218)</b>



**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

<b>Net</b>	<b>70 306</b>	<b>141 140</b>
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\* The trade receivables foreign production and co-production will pay in the next month, although the company does not give credit in the domestic sales.

**19- DEBTORS AND OTHER DEBIT BALANCES**

	<u>30/6/2023</u>	<u>30/6/2022</u>
Debtor Accounts to governmental Authorities	501 190	468 602
Accrued revenues	150 675	253 443
Prepaid expenses	15 448	10 400
Other debit balances	86 050	106 240
<b>Total</b>	<b>753 363</b>	<b>838 685</b>
Less impairment in debtors	(23 617)	(17 593)
Less provision of expected credit losses (debt balances)	(2 056)	(1 676)
<b>Net</b>	<b>727 690</b>	<b>819 416</b>

**19/1 Debtor Accounts to governmental Authorities**

	<u>30/6/2023</u>	<u>30/6/2022</u>
VAT tax authority	459 850	451 344
Custom authority	26 315	1 329
Debit balance for other governmental authorities	15 025	15 929
	<b>501 190</b>	<b>468 602</b>

Accounts receivable with other authorities include the following:

- 5 572 Thousand Egyptian pounds for Customs Department, Drupak Tobacco.
- 2 231 Thousand Egyptian pounds for sales paid on returned goods
- 853 Thousand Egyptian pounds for sales tax paid on investment goods
- 6 269 Thousand Egyptian pounds for Ministry of Finance - imported sales tax.
- 100 Thousand Egyptian Pounds others.

**19/2 Accrued revenues**

	<u>30/6/2023</u>	<u>30/6/2022</u>
Accrued export incentives	417	310
Securities accrued income	149 190	251 892
Debit rents accrued	466	703
Miscellaneous income accrued	602	538
<b>Total</b>	<b>150 675</b>	<b>253 443</b>

**19/3 Other debit balances:**

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**  
 (Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

	<u>30/6/2023</u>	<u>30/6/2022</u>
Guarantees for others	11 224	11 037
Employees loans	9 058	7 128
Other debit balances *	65 768	88 075
<b>Total</b>	<b><u>86 050</u></b>	<b><u>106 240</u></b>

\* The other debit balance includes the follows:

	<u>Amount</u> <u>EGP</u>
El Shrouk Hospital and El Nile badrawy Hospital	28 206
Stock for others joint production (Viceroy / pal mal)	16 210
Forfeited merchandise belongs to the company, fines due to the company, as well as travel allowances abroad	1 073
The treasury of the Rusafa factory, which is registered with Misdemeanor No. 4900/2016.	11 146
Insurance claims under settlement and for cars	3 437
The mosque deposit, and it has a charge in other credit accounts of the same value.	2 840
Settled for next months	185

**20- TRADE PAYABLES - ADVANCE PAYMENTS**

	<u>31/3/2023</u>	<u>30/6/2022</u>
Public sector suppliers	7 610	6 299
Private sector suppliers	92 310	17 608
Public sector services suppliers	14 023	28 161
<b>Total</b>	<b><u>113 943</u></b>	<b><u>52 068</u></b>

**21- FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSSES:**

	<u>30/6/2023</u>	<u>30/6/2022</u>
Treasury bills investments	5 517 830	5 006 667
Investment of investment deposits	4 467 439	5 384 621
<b>Total</b>	<b><u>9 985 269</u></b>	<b><u>10 391 288</u></b>

- The treasury bills were evaluated at the current value according to the purchase price on June 30, 2023, minus the evaluation of the treasury bills at the fair value according to the prices of the Bank of Cairo on June 30, 2023, and the difference in the profit and loss account for the securities.
- The investment funds were evaluated according to the purchase prices on the dates of purchase of the investment documents, minus the closing price on June 30, 2023, according to the prices of the various funds and the difference in the profit and loss accounts for the securities.

**22- CASH ON HAND AND AT BANKS**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Banks current accounts	2 682 316	1 008 750
Cash on hand	2 676	152 087
Time deposit / USD	555 003	--
Time deposit / EGP	--	100 000
<b>Total</b>	<b><u>3 239 995</u></b>	<b><u>1 260 837</u></b>
<b><u>Less:</u></b>		
Less provision of expected credit losses (Banks current account)	(15 757)	(131)
Less provision of expected credit losses (branch)	(18)	-
Less provision of expected credit losses (deposits)	(3 656)	(100)
<b>Net</b>	<b><u>3 220 564</u></b>	<b><u>1 260 606</u></b>
Banks overdrafts	(307 543)	(1 256 537)
<b><u>Cash balance 30/6/2023</u></b>	<b><u>2 913 021</u></b>	<b><u>4 069</u></b>

**23- ISSUED AND PAID-IN CAPITAL**

The Authorized Capital amounted to 3 000 Million Egyptian Pounds (Three Billion Egyptian Pounds) and the Paid and Issued Capital amount is 2 230 Million Egyptian Pounds (Two Billion and two hundred and thirty Million Egyptian Pounds) divided to 2 230 Million Shares with nominal amount of one Egyptian Pound.

**The Capital Structure as of 30/6/2023 as follow:**

<b><u>Company name</u></b>	<b><u>Shares number</u></b>	<b><u>Percentage</u></b>
The holding company for Chemical industries	1 136 250 000	50.95%
Employees associations	116 035 692	5.20%
Allan gray	160 783 227	7.21%
Free trading	816 931 081	36.64%
<b>Total</b>	<b><u>2 230 000 000</u></b>	<b><u>100.00%</u></b>

- On 29/5/2018 the Extra-ordinary General Assembly increased the company's issued and paid capital from 1.5 Billion Egyptian Pounds to 2.25 Billion Egyptian Pounds (with total increasing amount of 750 Million Egyptian Pounds) divided to 450 million shares as nominal shares amounted to five Egyptian Pound per share financed from the legal reserves and other reserves appeared in financial statements for the financial year ended on 30/6/2017, and the securities committee issued a decision to approve this increase on 1/8/2018.

- The nominal share was divided by percentage of 1:5 to be one Egyptian Pound instead of five Egyptian Pounds with keeping the company's capital as it is amounted to 2.25 Billion Egyptian Pounds to be divided to 2.25 Billion Shares, and the necessary approval has been obtained from the concerned authorities according to the decision of the extra-ordinary general assembly for the Eastern company which held on 29/8/2018.
- The employee's association of the Eastern company has bought number of 22,1 million shares from the Eastern company shares at March 25, 2021 so, the company's shares will be 116 035 692 shares by contributions percentage up to 5.21% This is to fulfill the obligations of those who are judicially discharged.
- The company's board of directors which held on 19/3/2020 decided that buy of treasury stock up to a maximum of 3% of the company's shares traded on the stock exchange, the purchasing process will be during a month start from 23/3/2020 till 22/4/2020 and notifying the shareholders that not perform any operations on it, The board of directors also decided to seek the assistance from (CI Capital company and EFG company).
- The company's board of directors which held on 23/4/2020 approved to complete the purchase of treasury shares start from 28/4/2020 till 27/7/2020 to complete the aforementioned percentage 3% The company's board of directors, held on 28/7/2020, decided to extend the completion of the purchase of treasury shares, provided that the purchase process starts on 29/7/2020 and ends on 28/10/2020, and the Board of Directors decided on 24/11/2020 as well. By extending the completion of the purchase of treasury shares from 25/11/2020 until 24/2/2021 until the full quantity is implemented, and what has been purchased has reached until 30/11/2020 52 303 418 shares, or 2.324% of the company's shares.
- On 16/8/2022 the national regulatory authority approved reducing the paid up capital
- On 9/3/2023, an agreement was signed to acquire 30% of the total shares of the Eastern Company (Eastern Company) for the benefit of the Emirati company "Global Investment Holding Limited", listed at one thousand Egyptian pounds, unless otherwise provided. Under this agreement, Global Investment Holding Company acquires Ltd. acquired 30% of the total shares of the Eastern Company (Eastern Company) in the amount of 625 million US dollars, equivalent to 625,000.19,336 Egyptian pounds (nineteen billion, three hundred and thirty-six million, six hundred and twenty-five thousand Egyptian pounds), with the buyer By providing an amount of \$150 million to purchase the tobacco materials necessary for manufacturing. Under this agreement, the Holding Company for Chemical Industries retains a share of 20.95% of the capital of the Eastern Company, which is a strategic company that contributes to developing this industry, achieving stability in the market, and preserving the rights of workers. Under this agreement, there is no effect. On the Eastern Company's 24% share in the United Tobacco Company.

**24- RESERVES**

	<u>30/6/2023</u>	<u>30/6/2022</u>
Legal reserve	1 205 504	1 205 504
Statutory reserve	1 673 498	1 673 498
Capital reserve	580 717	575 129
Earnings balance reserve	940 170	940 170
Reserve to be invested in governmental bonds	20 662	20 662
Reserve of revaluation of financial investments	(258 660)	(152 600)
Reserve of profits estimated budget	21 158	31 932
Other reserves	25	25
<b>Total</b>	<b><u>4 183 074</u></b>	<b><u>4 294 320</u></b>

The balance of the issued and paid-up capital and reserves, retained earnings on JUNE 30, 2023, amounted to 16 116 399 thousand Egyptian pounds. The following is the movement of capital accounts, reserves and retained earnings: -

	<b><u>Thousand Egyptian Pounds</u></b>			
	<b><u>Balance as of 1/7/2022</u></b>	<b><u>Additions</u></b>	<b><u>Exclusions</u></b>	<b><u>Balance as of 30/6/2023</u></b>
Issued and paid-up share capital	2 230 000	--	-	<b>2 230 000</b>
Legal reserve	1 205 504	--	--	<b>1 205 504</b>
Regular /Statutory reserve	1 673 498	--	--	<b>1 673 498</b>
Capital reserve	575 129	5 588	--	<b>580 717</b>
Reserve to be invested in governmental bonds	20 662	--	--	<b>20 662</b>
Reserve of profit estimated budget	940 170	--	--	<b>940 170</b>
Reserve of revaluation of financial investments	(152 600)	(106 060)	-	<b>(258 660)</b>
Reserve of expected credit losses for debt instruments	31 932	-	(10 774)	<b>21 158</b>
Other reserves	25	--	--	<b>25</b>
Retained earnings	5 908 236	7 807 494	(4 012 405)	<b>9 703 325</b>
<b>Total</b>	<b><u>12 432 556</u></b>	<b><u>7 707 022</u></b>	<b><u>(4 023 179)</u></b>	<b><u>16 116 399</u></b>

**The legal reserves:** according to the corporate law no .159 for 1981 and the company's article was conforming by percentage of 5% from the year net profit and to legal reserve account, and based on the suggestion of the Board of Directors, it is permissible to suspend part of the profits for the legal reserve account if the legal reserve reaches 50% of the issued capital the legal reserve is not available for distribution to shareholders.

**The Other reserves:** the remaining reserves in the financial statements its formation according to law no. 203 for 1991.

**Reserve of revaluation of financial investments:** This account represents the fair value recognition differences for the financial investments available for sale through other comprehensive income

**Reserve for expected credit losses:** accumulated against expected credit losses for debt instruments with fair value through comprehensive income

**25- RETAINED EARNINGS**

	<u>30/6/2023</u>	<u>30/6/2022</u>
Retained earnings	1 878 295	1 938 548
Retained earnings of previous year	4 029 941	4 280 184
dividends	(4 012 405)	(4 243 452)
Current profit	7 656 987	4 029 941
Treasury stock	0	(219 564)
Sell treasury stock	0	(817)
Adjustment	150 507	123 396
<b>Net tax liabilities</b>	<b><u>9 703 325</u></b>	<b><u>5 908 236</u></b>

- Profits retained on 6/30/2022 include the profit for the fiscal year 2021/2022, amounting to 4,0029,941 thousand pounds, which the General Assembly held on October 14,2022 decided to distribute as follows Approval of the profit distribution calculation proposed by the Board of Directors for the fiscal year 2021/2022, taking into account that the return on the share is (one pound and sixty piasters), that the employees' share is 398,667 thousand Egyptian pounds, and that the Board of Directors' remuneration is (the Board's share in profits) 20 million Egyptian pounds The retained profits on 30/6/2023 also include the profit for the period from 1/7/2022 to 30/6/2022, which amounted to 7,656,987 thousand pounds and the revenues of previous years, and the charge on the retained profits for the financial period from 1/7/2022 until 30/6/2023, a value of 150 507 thousand pounds, which is the settlement of previous years' expense accounts The company's ordinary general assembly held on 24/10/2022, also decided to:

- 1- Ratify the Board of Directors' report on the company's activity and approve the governance report during the financial year ending on 30/6/2022.
- 2 Approval of the two auditors' reports for the financial year ending on 30/6/2022.
- 3- Approval of the company's financial statements for the financial year ending on 30/6/2022, which are presented to the General Assembly, as well as the business results shown by the income statement with a net profit after taxes of 4,030 million. Egyptian pound
- 4- Approval of the dividend distribution calculation proposed by the Board of Directors for the fiscal year 2021/2022, taking into account that the return per

share is (one pound and sixty piasters), provided that the full value of the coupon is disbursed one month from the date of the assembly meeting, and that the employees' share is 398,667. One thousand Egyptian pounds, and the remuneration of the Board of Directors (the Board's share in profits) shall be 20 million Egyptian pounds.

- 5- Discharge of the Chairman and members of the Board of Directors from liability for management work for the German year ending on 6/30/2022.
- 6- Approval of the remuneration and allowances of members of the Board of Directors for the year in which It will end on 6/30/2023, as follows: 1,000 pounds for attendance allowance for one session instead of 3,000 pounds in the previous session, 5,000 pounds as a transportation allowance instead of 3,000 pounds in the previous session.
- 7- Approval of renewing the appointment of the company's auditor (Mustafa Shawky's office, MAZARS) for the fiscal year that will end on 6/30/2023, and setting his fees to be 3,00,000 pounds annually, an increase of 50,000 pounds over the previous year.

## **26- DEFERRED TAX**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Deferred tax liabilities	(587 101)	(497 836)
Deferred tax assets	285 081	227 795
<b>Net tax liabilities</b>	<b><u>302 020</u></b>	<b><u>270 041</u></b>

- The deferred tax which result from temporary time differences between book value for assets and liabilities according to the account basic and its value according to the tax basic are recognized, the amount of deferred tax was determined according to what expected to achieve or settle values of assets and liabilities by using current tax price on the financial statements date, the deferred tax assets will be recognized when having a strong probability to achieve profits that may be taxed in the future where the assets can be used and the value of deferred tax assets can be decreased by the value of the part which will not achieve any tax benefits through the future years.
- Clearing was performed between the deferred tax assets and deferred tax liabilities.

## **27- EMPLOYEE BENEFITS**

- The total employee benefits is representing an amount of 425 063 Thousand Egyptian Pounds which expressing the end of service grant for the permanent employees of the company on 30/6/2023. According to the valuation of the actuarial expert hired by the company
- The expected value of the end-of-service grant for graduates during the fiscal year 2022/2023, amounting to 37 837 thousand pounds, has been separated and included in current liabilities and the used 57 070 thousand pounds from the current and the rest has been included in long-term liabilities.

- The company assigned the actuary / Marwa Hisham Salah El-Din Zaki - companion of the Actuarial Experts Association in the United States of America to assess the obligations of the end-of-service grant, and the actuarial study ended with:
- The company pays the end-of-service to the employees at the end of their service, where the employee will receive two months' wages for each working year at the company, which is calculated on the basis of the last basic wage at the end of the service date with a maximum of 200 thousand Egyptian pounds.
- This grant is due at the end of the employee service for one of the following reasons:
  - 1- Reaching the legal age of retirement.
  - 2- Early retirement cases for those who over 55 years old.
  - 3-Partial or total service disability.
  - 4- Case of death during service.

The company will finance the amount of the grant due completely, at the employee end of service.

- The company's data was reviewed by the actuarial expert to ensure the reasonableness and consistency of the data, on the basis of which actuarial study was conducted, in order to ensure that:
  - The absence of any fields that does not contain data or are illogical.
  - The reasonableness of the dates of birth and dates of employment by ensuring that the age of the worker at the time of employment and upon evaluation is limited to the age limits accepted by the Labor Law.
  - The reasonableness of salaries values.
  - The guidelines and requirements of the study performed according to Egyptian Accounting Standard No. (38) employee benefits, where unbiased actuarial assumptions were used that are consistent with the experience of the Egyptian market, taking into account the company's actual experience and what is expected in the future.

**The method used for estimation:**

**The Projected unit credit method was used to calculate the following main items:**

Defined benefit obligation which is the present value of the expected future payments required to settle the obligation resulting from the employee's service in the current and prior periods.

The current service cost which is the increase in the present value of the defined benefit obligations resulting from the employee's service in the current period.

The interest cost of the obligation which is the increase during the year to the present value of the obligation as a result of the approaching settlement period.

**Actuarial assumptions used in the estimation:**

The study was conducted using the following actuarial bases:

- 1- The life table used: A double decrement table was used, where 130% of the 52/49A death table was used to represent the probabilities of death and disability, and a



standardized resignation rate of 0.05% was used to represent the probabilities of resignation and termination of the contract.

2- Discount rate used: 11.5% annually.

8- The pay scale rate: 10%.

**28- PROVISIONS:**

The provisions are composing according to the Egyptian Accounting Standard No. (28).

▪ **Movement of provisions:**

	<b>Thousand Egyptian Pounds</b>			
	<b><u>Balance as of 1/7/2022</u></b>	<b><u>Provided</u></b>	<b><u>No longer needed/ used***</u></b>	<b><u>Balance as of 30/6/2023</u></b>
Provision of disputed taxes *	1 289 307	3 820	(370 106)	923 021
Provision of legal claims **	120 463	--	(116 954)	3 509
Provision of early pension ***	--	256 700	0	256 700
<b>Total</b>	<b><u>1 409 770</u></b>	<b><u>260 520</u></b>	<b><u>(487 060)</u></b>	<b><u>1 183 230</u></b>

- “Provision for disputed taxes” – component to offset tax liabilities
- Provision for judicial claims :- The case lists were prepared from the point of view of the company’s lawyers in light of the expected obligations, and the following policy was adopted according to the probability of gain as follows:
- **Formation provision for less than 55%**

percentage	Topic	Thousand Egyptian Poun	Description
50%	compensation	250	Primary cases
50%	Compensation	500	Appeal cases
20%	Exchange for compensation	10	Cassations cases
20%	Cancellation of the dismissal decision and compensation	15	
20%	Employees suspend	184	
20%	Exchange for compensation	14	
20%	Compensation for infection	20	
20%	Compensation for infection	300	
20%	Compensation and work back	46	
20%	Compensation for sick leave	18	
20%	Compensation for cash	102	
20%	compensation	1000	

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

20%	Compensation for death	8	
20%		1000	
20%	Exchange for compensation	2	
20%	Exchange for compensation	40	
		3,509	<b>Total</b>

**- Formation provision from 56%- 69%**

percentage	Topic	<u>Thousand Egyptian Pounds</u>	Description
65%	Obligation to refund the amount	350	Appeal cases
65%	compensation	3,795	
65%	compensation	6000	
65%	Compensation for sick leave	18	Cassations cases
65%	Obligation to pay the amount	298	
		<b>10,461</b>	<b>Total</b>

From 70% to 100% no provision should be provided

- Provision for early pension obligations: It was created to meet early pension obligations, as the company's Board of Directors decided, in its Registration No. (13) of 2023, held on 6/21/2023, to approve the announcement of the second voluntary consensual exit project for the company's employees, and in reference to the decisions of the Supreme Administrative Committee for the project The voluntary consensual exit for the year 2023 was held at its session held on 7/6/2023 with the approval that the door for applications for the project will be opened from 1/8/2023 until 8/31/2023, provided that the exit requests submitted by the workers are approved after the approval of the Supreme Administrative Committee for the project. Exemption from submitted requests.

**29- TRADE AND NOTES PAYABLES**

	<u>30/6/2023</u>	<u>30/6/2022</u>
Trade payables (public sector)	31 771	46 883
Trade payables (private sector)	230 797	221 739
Foreign Trade payables	455 867	1 009 575
<b>Total</b>	<b><u>718 435</u></b>	<b><u>1 278 197</u></b>

**30- CREDITORS AND OTHER CREDIT BALANCES**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Governmental authorities current account	4 938 057	8 303 268
Dividends payable	468	468
Accrued expenses	546 481	645 922
Other credit balances	678 756	443 702
<b>Total</b>	<b><u>6 163 762</u></b>	<b><u>9 393 360</u></b>

**30/1 Governmental authorities credit accounts**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Customs Department Tobacco secretariats	--	9 250
VAT tax authority*	4 824 435	8 152 794
Health insurance contribution	52 556	45 442
General Tax Authority (salary tax-withheld from others at source)	27 346	70 340
Property tax authority	9 261	4 865
National organization for social insurance	24 459	20 577
<b>Total</b>	<b><u>4 938 057</u></b>	<b><u>8 303 268</u></b>

**30/2 Accrued expenses**

\* 546 481 Thousand Egyptian Pounds representing accrued expenses for employees and other.

**30/3 Other credit balances**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Deposits from others	87 214	61 392
Fixed assets supplies	28 985	32 270
Creditors amounts deducted from employees	8 904	10 535
Deferred revenue related to gifted fixed assets*	122 104	80 195
* Credit balances include deferred revenue. services**	200 000	--
Amounts set aside for workers - social services	146 704	169 967
Other***	84 845	89343
<b>Total</b>	<b><u>678 756</u></b>	<b><u>443 702</u></b>

Credit balances includes unearned revenues:

65,979 thousand EGP for gifted assets

48,898 thousand EGP for spare parts transferred from British American tobacco

7,217 thousand EGP for net packaging from British American

10 thousand EGP for net miscellaneous transferred from British American tobacco

\*\* The amounts withheld for the benefit of social services workers are the value of the remaining profits to be distributed at least 10% of these profits and not more than the total annual wages of the employees, where the company was subject to the provisions

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

of Law No. 203 of 1991, where article 33 of that law stipulates that "the employees of the company shall have a share in the profits to be distributed determined by the Association based on the proposal of the Board of Directors at least 10% of these profits.

The workers total cash distribution of these profit must not exceed total them yearly basic salaries, executive regulations show how to distribute what it exceeds total yearly basic salary from profit on services that benefit the company's employees.

The workers total cash distribution of these profit must not exceed total them yearly basic salaries, executive regulations shows how to distribute what it exceed total yearly basic salary that benefit the company's employees.

When the company became under the Law No. 159 of 1981 by the decision General Assembly of the Company on 2/6/2019, article 41 of the same law stipulates that "the employees of the company shall have a share in the profits to be distributed determined by the General Assembly on the proposal of the Board of Directors at least 10% of these profits and does not exceed the total annual wages of the employees of the company and the executive regulations show how to distribute more than 10% of the profits indicated by the employees and services that come to them.

\*\*\* Includes other credit balances.

12,969 for marketing accrued expenses, other accrued expenses and accrued maintainance for machines

15,458 for social contribution at the company including 12,145 thousand EGP for treasury bills and its interests

14,049 for under account of selling land – at 41 st abo l drdaa- laban section

12,722 for general authority of social insurance and individuals of insurance funds for employess and mobile networks

3,779 for current account

15,590 for co-production inventory

6,052 for uncashed checks and LC under settlement

1,083 amounts for al ahly Egyptian bank and al ahly Qatar bank under settlement

**31- TRADE RECEIVABLES - ADVANCE PAYMENTS**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Receivables - other credit balances	175 037	80 934
Receivables credit balances - scrap	907	555
<b>Total</b>	<b><u>175 944</u></b>	<b><u>81 489</u></b>

**\* CAPITAL COMMITMENTS**

The capital commitments represented in accrued customs fees on the company which the company paid after the smoke out from the custom warehouses and the development resources fees amounted 70,303 Thousand Egyptian Pounds.

**32- SALES REVENUE**

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**  
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Net sales finished goods	17 093 853	15 031 455
Net sales finished goods export	106 284	56 427
Revenue of operation for other	753 874	2 046 925
Carpentry workshop revenue	279	418
Covered hall revenue	3 342	4 218
<b>Total</b>	<b><u>17 957 632</u></b>	<b><u>17 139 443</u></b>

**33- COST OF GOODS SOLD**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Raw Materials	7 205 702	6 269 396
Depreciation and amortization	400465	503 447
Wages	1 719 315	1 948 495
Maintenance	114 453	125 834
Miscellaneous service expenses	137 073	144 091
Insurance expenses	34 877	28 764
Loss of decrease in scrap value	134	227
Loss of decrease in material cost	3 026	4 638
Loss of decrease in inventory	5 465	707
Reverse decrease in inventory	(502)	(3 424)
Decreased/increased customs balance differences	(5 826)	(1 561)
Change in inventory	40 195	198 396
Others	51 960	40 177
<b>Total</b>	<b><u>9 706 337</u></b>	<b><u>9 259 187</u></b>

\* The cost of goods sold has been reduced by the value of the decrease in inventory in

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Raw Materials	902	707
Packing materials	3 822	--
Spare parts	26	--
Finished goods	623	--
Non finished goods	92	--
Total	5 465	707

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**  
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Raw Materials	(502)	--
Spare parts	--	(3 133)
Finished goods	--	(291)
Total	<u>(502)</u>	<u>(3 424)</u>

Smoke items that had previously been estimated to be reduced were returned for their full value in the fiscal year 2021/2022 due to rot in part of the parcel. After inspection, they were found to be safe and were used during the fiscal year 2022/2023.

\*\*\* Cost of goods sold includes the cost covered hall by 11 437 thousand Egyptian Pound and the cost of carpentry workshop by 242 thousand Egyptian Pound

**34- OTHER INCOME**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Gain from materials sales	86	4 463
Other miscellaneous income*	44 383	31 879
Gain from scrap sales	8 033	10 520
Rents income	1 184	2 137
Credit compensation	11 839	349
Capital profit	225	5 588
No-longer provisions	121 449	74 259
Differed revenue	200 000	--
Grants and subsidies ***	2 622	647
Expected credit loss no longer required – Egyptian bonds	7 334	--
Profit from selling financial instruments	300 484	--
Expected credit loss no longer required – dollar bonds	3 441	--
Gains/losses on revaluation of securities***	19 660	21 948
<b>Total</b>	<b><u>720 740</u></b>	<b><u>151 790</u></b>

\* The miscellaneous revenues include an amount of 15 510 Thousand Egyptian Pound relevant to gifted assets

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

\*\* Other revenues include grants and subsidies for the period from 1/7/2022 to 30/6/2023, as well as for the comparable period, as they were transferred from revenues to other incomes.

\*\*\* The gains/losses on revaluation of securities are as follows

	<u>30/6/2023</u>	<u>30/6/2022</u>
Profits on revaluation securities	251 359	25 576
<b><u>Losses on revaluation financial securities</u></b>	<b>(231 699)</b>	<b>(3 628)</b>
<b><u>Net profit of revaluation of securities</u></b>	<b>19 660</b>	<b>21 948</b>

**35- SALES AND DISTRIBUTION EXPENSES**

	<u>30/6/2023</u>	<u>30/6/2022</u>
Salaries	444 164	439 252
Depreciation and amortization	4 702	4 484
Maintenances	883	966
Miscellaneous service expenses	8 970	6 025
Insurance expenses	3 868	4 108
Marketing expenses	35 923	33 759
Discount permitted	137 564	180 906
Finished goods transfer	31 311	28 329
Other	38 035	40 121
<b>Total</b>	<b><u>705 420</u></b>	<b><u>737 950</u></b>

**36- GENERAL AND ADMINISTRATIVE EXPENSES**

	<u>30/6/2023</u>	<u>30/6/2022</u>
Salaries	184 464	184 604
Depreciation and amortization	14 548	17 677
Maintenances	141	269
Miscellaneous service expenses	102 985	45 253
Other	15 638	15 132
<b>Total</b>	<b><u>317 776</u></b>	<b><u>264 735</u></b>

- The general and administrative expenses includes amount of 52,114 thousand EGP for health contribution Thousand Egyptian Pound for the financial year from 1/7/2022 ended 30/6/2023.

**37- OTHER EXPENSES**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Donations for other	43 685	36 535
Extraordinary losses	33 570	171 545
Provision of early pension	256 700	1 232 353
Provision for allowance of doubtful accounts	8 445	3 603
Provisions of disputed tax	3 820	1 925 250
Impairment provision	--	892
Provision of Expected credit losses	20 443	34 059
Securities loss	78 285	--
Loss on debt investments through OCI	11 228	--
Compensation and fines	60 831	45 838
<b>Total</b>	<b><u>517 007</u></b>	<b><u>3 450 075</u></b>

**\* Provision of Expected credit losses**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Accounts receivable	628	219
Debit balances	379	1 676
Banks current accounts	15 626	131
Deposits	3 656	100
Egyptian bonds	--	22 133
Dollar bonds	--	9 800
Branches and administration fund	18	--
Financial investments at amortized cost	136	--
<b>Total</b>	<b><u>20 443</u></b>	<b><u>34 059</u></b>

**38- NET FINANCING COST/ REVENUE**

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Credit interest	103 724	107 531
Gain on foreign currencies	932 159	262 112
<b>Total finance revenue</b>	<b><u>1 035 883</u></b>	<b><u>369 643</u></b>
Debit interest and bank expenses	(15 886)	(38 675)
(Losses) on foreign currencies	(305 856)	(77 682)



<b>Total finance expenses</b>	<u>(321 742)</u>	<u>(116 357)</u>
<b>Net financing Revenue</b>	<u>714 141</u>	<u>253 286</u>

### **39- OTHER FINANCIAL INVESTMENTS REVENUE**

The other financial investments revenue includes 856,863 thousand Egyptian Pounds as a treasury bill return and 382,360 thousand Egyptian Pounds from treasury bonds revenue, and 379,294 thousand Egyptian Pounds from Dollars bonds and 724 thousand Egyptian Pounds from government bonds returns.

### **40- TAX EXPENSES**

- The income tax in the income statement as of 30/6/2023 was amounted to 2,045,456 thousand EGP.
- The deferred tax in income statement as of 30/6/2023 was amounted to 62,771 thousand Egyptian Pounds according the following:

	<b><u>Thousand Egyptian Pounds</u></b>
Deferred tax liabilities	89 265
Deferred tax assets	26 494
<b>Total</b>	<b><u>62,771</u></b>

The current tax average 21%

### **41- EARNINGS PER SHARE**

	<b><u>Unit</u></b>	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Net profit for the year after deducting the dividends for employees, Youth and sport Authority and rewards of Board of Directors Members.	Thousand Egyptian Pounds	6 639 535	3 591 124
Weighted average number of common shares	Thousand shares	2 230 000	2 229 443
<b>Portion per share in net profit</b>	Egyptian Pounds	<b><u>2.98</u></b>	<b><u>1.61</u></b>

### **The Cash Flows Statement:**

### **42- CASH AND CASH EQUIVALENT**

- The cash and cash equivalent balance amounted to 2 932 452 million Egyptian Pounds are as following:

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
Banks accounts	2 682 316	1 008 750

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023**

(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

Cash on hand	2 676	152 087
Time deposit / EGP	--	100 000
Time deposit / USD	555 003	
<b>Total</b>	<b>1 063 604</b>	<b>1 260 837</b>
<b>Less:</b>		
<b>Banks overdrafts</b>	(307 543)	1 256 537
<b>Total</b>	<b>2 932 452</b>	<b>4 300</b>

- Treasury stocks amounted 4,506,785 at fair value through profits and losses, maturing within 3 months following the financial statements.
- The Egyptian bonds amount to 240,740 at fair value through comprehensive income.
- An amount of 19,431 thousand pounds related to the provision for expected credit losses was deducted from the balance of cash and cash equivalents in the statement of financial position according to the accrual basis .
- The credit facilities which available to be used in future amounted to 6 519 million Egyptian Pounds.
- There is a dollar loan at a rate of 90% of the dollar deposit.

**43- Contractual commitments**

- The contractual obligations include filling a gas cylinder for the laser machine at a value of 7,601 euros, refurbishing and rehabilitating 2 cutting units at a value of 155,662 euros, and a Gaz QTY 2030 device at a value of 37,000 dollars.

**44- COMPARATIVE FIGURES**

Some comparative figures have been reclassified to conform to the presentation of the financial statements for the current period.

**45- OTHER DATA****45/1 Fight smoking:**

On 21/6/2007 the law no. 154 for the year of 2007 issued a modification of some provisions of the law no. 52 for the year of 1981 about the protection from the damage of smoking which prevents smoking completely in all facilities as health, educational, governmental departments, sports and social clubs, youth centers and all other places that the ministry of health determine. This law state penalties on those responsible for these places and on the smoker.

In addition the company is obliged to print a warning of smoking risk on at least the half of the two sides of the package accompanied with adding other warnings

or publishing photos confirm damage of smoking, The company to comply with this law and the decree of minister of health and population no. 443 for the year of 2007, the company endured by additional burden cost as a result of the continuous adjustment in printing cylinders which resulting losses in the publications material related to products.

In addition, the company is obliged to change the photo each six months according to the decision of ministry of health and population.

**45/2 Insurance:**

- The company have various insurance using insurance policies which covered all potential risks that company may face, such as:

**a. All industrial hazards and political violence Certificate/document:**

- To cover all risks based on 7mI certificate Including machine breakdown, loss of revenue, burglary, theft using violence (coercion), general civil liability, and removal of rubble. public civil responsibility and the removal of rubble. Political violence also covers the dangers of terrorism, vandalism, age-related acts, riots, civil strikes, armed insurrection, revolution, rebellion, military coup and costs debris removal

**b. Cars Certificate/document:**

- Cover all risks fleet of cars facing (comprehensive insurance - compulsory insurance).

**c. Transportation Certificate/document:**

- Cover risks of transportation, sea and air transportation for all production materials and finished goods.

**d. Dishonesty Certificate/document:**

- Cover the drivers who are working on contractual terms for transporting the company's' products.

**e. Lifts Certificate/document:**

- Cover the civil responsibility result from operation.

**f. Cash transfer Certificat/document :**

- Covers cash transporter (treasurers - money changers - custodians) for the risk of theft under duress or threat of weapon and violence to the person charged with transporting cash

**g. Dishonesty Certificate/document:**

- Covers cash and in-kind custodians in the company from the material losses that it incurs or its property as a result of an accident of waste or embezzlement committed by the insured workers.

**h. Life Certificate/document:**

- Life insurance for workers to cover the risk of death from any reason

**i. Personnel accident violence Certificat/document:**

- Covers the risks that the company's employees are exposed to over 24 hours because of an accident and the resulting cases (death, total and partial disability).

**45/3 Environmental responsibility:**

- According to the Eastern company's continued efforts to achieve protecting environment and preserving the common health and as a commitment by the company to apply the environmental requirements of Environment Law No. 4 for the year of 94 and its amendments and executive regulations through implementing and maintaining the internal environment in its factories and the external environment surrounding the company in the purpose of achieving sustainable compatibility of its environmental conditions, these points are representing in some projects as following:
  - The company has established and implemented the integrated industrial complex in the industrial zone at the City of 6<sup>th</sup> October to include all its locations. This procedure is an evidence of commitment towards the environmental laws and regulations.
  - The company has used the Natural Gas as a clean source of energy in operating boilers, generation power as a clean source of energy, and to reduce environmental pollutants from combustion.
  - The company established an environment friendly incinerator and the heat generated are used to generate ice water in a heat exchange to A/C factories.
  - The company has controlled the emissions of fine tobacco leaf using cyclones with non-permeable filters to prevent dust of tobacco leaf powder in the airspace in order to protect the environment from pollution and reuse and recycling through manufacturing natural tobacco leaf flakes.
  - The company established a station of liquid waste treatment (industrial drainage) in the industrial complex of the company in the City of 6<sup>th</sup> October with total capacity of 610 m<sup>3</sup>/day and the company got the environmental approval for energy raising up to be 1220 m<sup>3</sup>/day. Installations and the station are currently in the testing phase to start operation.
  - The company has also implemented a project of central air conditioning operating by natural gas to one of its factories to avoid the impact of thermal stress knowing that there is no raise in the temperature of the working environment as a result of various industrial processes more than allowed rates according to the executive decisions and regulations, through the monitoring carried out at the facility.
  - The company established a central station for collecting the manufacturing process outputs resulting from the company's production activities. Some items are sold and others are recycled in industries. Compost production from unusable dust of tobacco leaf is also been studied.
  - The company already bought a group of the environmental measuring devices to monitor pollutants and emissions of the work environment to determine the permissible limits in accordance with the requirements of the environmental law (number 4 for the year of 1994) and its executive regulation. In addition, the experts of the National Research Center had done the required regularly measurements and approved it in the environmental records for the different locations of the company. It is worth mentioning

that the company spares no effort in supplying all personal protection tools to employees according to the nature of each activity.

- Extensive environmental approval was obtained for the project of establishing and extending a factory of roots plant (ESS) as space of 13350 m<sup>3</sup> in the industrial complex of the company in the City of 6th October, the company has also planted green areas and windbreaks and ornamental plants inside the industrial complex zone , and that with the implementation of the construction requirements and green spaces in the general plan for the industrial complex approved by the Urban Communities Authority as well as green areas around the eastern side of the industrial complex.
- Environmental approval was obtained for the construction of a 1 MW solar power station with an area of 14000 m<sup>2</sup> in the industrial complex of the company in the City of 6th October, the station has already been completed and it is currently in the testing phase for its service entry in order to reduce the burden on the electricity network in the industrial complex of the company in the City of 6th October. The company also is in the process stage of establishing additional electricity generating station by (BOT) system and 2 MW power.
- The soiled thinner is recovered and reused by an organic solvent separator.
- The company has all the environmental approvals and has updated environmental records approved by the largest research and scientific bodies (National Research Center) and it has been reviewed by the Environmental Affairs Agency. Also, the company is committed to all environmental laws and regulations.

#### **46- SIGNIFICANT EVENT**

**46-1** The impact of the spread of the new Coronavirus (Covid 19) on the economy and global markets continues, as world governments, including the Egyptian government, companies, and individuals, have taken all measures to prevent the spread of the virus and protect the health of their societies as much as possible.

- The health and safety of all workers, their families, clients, and their families was and remains the top priority company while ensuring the continuity of work to fulfill obligations, especially towards shareholders. We have formed a Service Response Team assigned to perform specific tasks and this team is working around the clock to deal with all the challenges associated with this global pandemic.
- Despite belief that the spread of the virus represents a great challenge at present, but that gave us the chance to stand out , as the strength of our financial position and its high liquidity support us exceptionally during that crisis, but most importantly is our belief that our credibility and our tremendous record of strong performance at the most difficult times and our focus on the client's needs during the crisis is what distinguishes us in those times in particular.
- From our point, we can see that there is no material impact on the current economic situation of the company (its financial position, business results, and cash flows).
- We work in a sector characterized by very strong demand, which has proven its resilience in the face of historical and current challenges, and in light of our current

knowledge and available information, there is no impact of the emerging (Covid-19) virus on the company's ability to continue in the foreseeable future.

**46-2.** The Russian-Ukrainian war broke out in Eastern Europe during the year 2020, which affects the increase in global inflation rates, but it is currently difficult to estimate the potential effects on the financial statements of that war.

**46-3** On March 21, 2021, the Monetary Policy Committee announced an increase in the interest rate on lending and the credit rate, which led to the movement of the exchange rate of the US dollar against the Egyptian pound. The matter, as a whole, may have an impact on the local economy, but it is not possible to estimate this impact at the present time.

**47.** Based on the company's leading role in the consumer products market and the large volume of dealings it represents and guided by its leadership role in implementing the financial inclusion system, with all segments of merchants obtaining appropriate financial services, and from this standpoint, a cooperation protocol was signed with the National Bank of Egypt, a leader in the field of support automation of payments. This is to seek to provide mechanisms for payment and collection through electronic mechanisms to support the culture of financial inclusion.

**48.** On 18/3/2019, the Minister of Investment and International Cooperation amended some Egyptian accounting standards issued by the Minister of Investment's Decree No. 110 of 2015, which includes some new accounting standards and an amendment to some of the existing standards and because of the current conditions that the country is going through due to the outbreak of the new Coronavirus. As explained in detail in clarification No. (1-48), the Egyptian government has implemented some preventive measures to counter the spread of the virus, including reducing working hours and temporarily stopping some activities, including aviation and tourism activities. As a result, private companies have also applied different preventive measures from one company to another. According to the activity, the number of employees, the work location, and other considerations, these procedures included imposing restrictions on the number and period of the presence of human resources in the companies, which led to some companies delaying the procedures for fully implementing the new Egyptian accounting standards package on the effective date of those standards which is January 1, 2020. Due to these circumstances, the Higher Committee for the Review of Egyptian Standards and Egyptian Standards for Review and Limited Examination and other assurance tasks agreed to a defer applying New Egyptian Accounting Amendments accompanying it to Resolution No. (69) of 2019 on the annual financial statements of these companies at the end of 2020, and the combined effect was included by the end of, and the financial regulatory authority announced the postponement of applying the standards (47), (48), (49) and this was based on prime ministers decision no. (1871) for 2020 and the combined effect at the end of 2021 the application of these amendments was postponed to begin on January 1, 2021 in accordance with Prime Minister Decision No. (1871) For the year 2020.

Application date	Potential impact on the financial statements	Summary of the most important amendments	New or reissued standards
The amendments to add the option to use the revaluation model will be applied to the financial periods beginning on or	Management is currently studying the possibility of changing the adopted accounting policy and using the	1- These standards were reissued in 2023, allowing the use of the revaluation model when measuring fixed assets and intangible assets.	Egyptian Accounting Standard No. (10) amended 2023 "Fixed assets and

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Application date	Potential impact on the financial statements	Summary of the most important amendments	New or reissued standards
<p>after January 1, 2023, retroactively, with the cumulative effect of applying the revaluation model initially proven by adding it to the revaluation surplus account next to equity at the beginning of the financial period in which The company applies this model for the first time.</p> <p>These amendments shall be applied for annual periods beginning on or after January 1, 2023, retroactively, with the cumulative effect of the accounting treatment for fruitful plants initially being proven by adding it to the balance of retained profits or losses at the beginning of the financial period in which the company applies this treatment for the first time.</p>	<p>revaluation model option included in those standards, and evaluating the potential impact on the financial statements if that option is used.</p>	<p>2- This resulted in amending the paragraphs related to using the revaluation model option in some of the applicable Egyptian accounting standards, and the following is a statement of those standards:</p> <p>3- -Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates, and Errors".</p> <p>4- -Egyptian Accounting Standard No. (24) "Income Taxes"</p> <p>5- -Egyptian Accounting Standard No. (30) "Periodic Financial Statements"</p> <p>6- -Egyptian Accounting Standard No. (31) "Impairment of Assets"</p> <p>7- -Egyptian Accounting Standard No. (49) "Leasing Contracts"</p> <p>8- -2In line with the amendments made to Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6), (37) of Egyptian Accounting Standard No. (10) "Fixed Assets and their Depreciation" have been amended, as Paragraphs 22(a), 80(c), and 80(d) were added to the same standard, with regard to fruit-bearing plants.</p> <p>9- -The company is not required to disclose the quantitative information required under Paragraph 28 (f) of Egyptian Accounting Standard No. (5) for the current period, which is the financial statement period in which Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) are applied for the first time. ) Amended 2023 with regard to fruit-bearing plants. However, the quantitative information required under Paragraph 28(f) of AASB 5 must be disclosed for each prior period presented.</p> <p>10- The company may choose to measure an item of fruitful plants at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the company first applied the amendments mentioned above and to use that fair value as its hypothetical cost at that date. Any difference between the previous book value and the fair value must be proven in the opening balance by adding it to the revaluation surplus account next to the equity at the beginning of the earliest period presented.</p>	<p>their depreciation" and Egyptian Accounting Standard No. (23) amended 2023 "Intangible assets."</p>
<p>The amendments to add the option to use the fair value model will be applied to financial periods beginning on or after January 1, 2023, retroactively, with the cumulative effect of applying the</p>	<p>Management is currently studying the possibility of changing the adopted accounting policy and using the revaluation model option included in those standards, and</p>	<p>1- Egyptian Accounting Standard No. (34) amended 2023 "Real Estate Investment" 1- This standard was re-issued in 2023, allowing the use of the fair value model when measuring subsequent real estate investments.</p>	<p>Egyptian Accounting Standard No. (34) Amended 2023 "Real Estate Investment"</p>

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Application date	Potential impact on the financial statements	Summary of the most important amendments	New or reissued standards
<p>fair value model initially proven by adding it to the balance of retained profits or losses at the beginning of the financial period in which the company operates. Applying this model for the first time.</p>	<p>evaluating the potential impact on the financial statements if that option is used.</p>	<p>2- -2This resulted in an amendment to some paragraphs related to using the fair value model option in some of the applicable Egyptian accounting standards, and the following is a statement of those standards:</p> <p>3- -Egyptian Accounting Standard No. (1) "Presentation of Financial Statements"</p> <p>4- -Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates, and Errors".</p> <p>5- -Egyptian Accounting Standard No. (13) "Effects of Changes in Foreign Currency Exchange Rates"</p> <p>6- -Egyptian Accounting Standard No. (24) "Income Taxes"</p> <p>7- -Egyptian Accounting Standard No. (30) "Periodic Financial Statements"</p> <p>8- -Egyptian Accounting Standard No. (31) "Impairment of Assets"</p> <p>9- -Egyptian Accounting Standard No. (32) "Non-current assets held for the purpose of sale and discontinued operations"</p> <p>10- Egyptian Accounting Standard No. (49) "Leasing Contracts"</p>	
<p>The amendments to add the option to use the revaluation model will be applied to the financial periods beginning on or after January 1, 2023, retroactively, with the cumulative effect of applying the revaluation model initially proven by adding it to the revaluation surplus account next to equity at the beginning of the financial period in which The company applies this model for the first time.</p>	<p>Not applied</p>	<p>1- -1This standard was reissued in 2023, allowing the use of the revaluation model when subsequently measuring exploration and evaluation assets.</p> <p>2- The company applies either the cost model or the revaluation model for exploration and evaluation assets, provided that the evaluation is carried out by experts specialized in evaluation and valuation among those registered in a register designated for that at the Ministry of Petroleum, and in the case of applying the revaluation model (either the model contained in the Egyptian Accounting Standard (10)) "Fixed assets and their depreciation" or the form contained in Egyptian Accounting Standard (23) "Intangible Assets") must be consistent with the classification of assets in accordance with Paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.</p>	<p>Egyptian Accounting Standard No. (36) amended 2023 " Exploration and evaluation of mining resources"</p>
<p>These amendments shall be applied for annual periods beginning on or after January 1, 2023, retroactively, with the cumulative effect of the accounting treatment for fruitful plants initially being proven by adding it to the balance of retained profits or losses at the beginning of the financial period</p>	<p>Not applied</p>	<p>This standard was reissued in 2023, where paragraphs (1-5), (8), (24), and (44) were amended and paragraphs (5A)-(5C) and (63) were added, with regard to accounting treatment. For fruitful plants, (and amended accordingly Egyptian Accounting Standard (10) "Fixed Assets and their Depreciation"). "Agriculture"</p>	<p>Egyptian Accounting Standard No. (35) amended 2023 "Agriculture"</p>



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in which the company applies this treatment for the first time.			
AASB 50 must be applied for annual financial periods beginning on or after 1 July 2024, and if AASB 50 is applied for an earlier period, the company must disclose that fact.	Not applied	<p><b>1-</b> -1This standard specifies the principles for proving insurance contracts that fall within the scope of this standard, and specifies their measurement, presentation and disclosure. The goal of the standard is to ensure that a company provides appropriate information that faithfully reflects those contracts. This information provides users of financial statements with the necessary basis for evaluating the impact of these insurance contracts on the company's financial position, financial performance, and cash flows.</p> <p><b>2-</b> -2Egyptian Accounting Standard No. (50) replaces and repeals Egyptian Accounting Standard No. 37 "Insurance Contracts."</p> <p><b>3-</b> -3Any reference in other Egyptian accounting standards to Egyptian Accounting Standard No. (37) will be replaced by Egyptian Accounting Standard No.(50) .</p> <p><b>4-</b> -4Amendments have been made to the following Egyptian Accounting Standards to comply with the requirements for applying Egyptian Accounting Standard No. (50) "Insurance Contracts", which are as follows:</p> <p><b>5-</b> -Egyptian Accounting Standard No. (10) "Fixed Assets and their Depreciation".</p> <p><b>6-</b> -And Egyptian Accounting Standard No. (23) "Intangible Assets."</p> <p><b>7-</b> -Egyptian Accounting Standard No. (34) "Real Estate Investment."</p>	Egyptian Accounting Standard No. (50) "Insurance Contracts"

- On May 16, 2023, Prime Minister's Decision No. 1847 of 2023 was issued replacing the texts of paragraphs (C), (2), (9) of Appendix (C) accompanying Egyptian Accounting Standard No. (13) regarding "The Effects of Changes in Foreign Currency Exchange Rates." "And added by Prime Minister's Decision No. 4706 of 2022 referred to, what are the following texts: Paragraph 5/(c): The financial period for applying the special accounting treatment mentioned in this appendix in the year or financial period that begins before the date of October 27, 2022, the date of moving the exchange rate, and ends on Or after this date, and the following fiscal period or year. Paragraph (7): An entity that was established before the date of moving the exchange rate may acquire fixed assets and/or real estate investments and/or exploration and evaluation assets and/or intangible assets (other than goodwill and/or usufruct assets from lease contracts, financed by existing liabilities). On that date in foreign currencies, you must recognize within the cost of those assets the debit currency differences resulting from the paid portion of these obligations during the financial period for applying this special accounting treatment, in addition to the currency difference resulting from the translation of the remaining balance of these obligations at the end of December 31, 2023 or At the end of the closing date of the financial statements for the financial period, this special accounting treatment is applied, using the exchange rate used on that date, and the entity can apply this option for each asset.

**(Mrs. / Neveen Ali)**  
**Head Of financial sector**

**(Mr./ Tamer Mosli)**  
**Executive Managing for finance affairs**