

EASTERN COMPANY (S.A.E)

STAND ALONE FINANCIAL STATEMENTS
TOGETHER WITH AUDITOR'S REPORT
FOR THE FINANCIAL PERIOD ENDED SEP 30, 2023

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Originally Issued in Arabic

Limited Review Report**To: The Board members of Eastern Company (S.A.E)****Introduction**

We have reviewed the accompanying standalone financial position of Eastern Company (S.A.E) as of September 30, 2023, and the related standalone statements of income, standalone other comprehensive income, standalone changes in shareholders' equity and standalone cash flows for the financial period ended on September 30, 2023, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial information in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Limited review scope

we conducted our review in accordance with the Egyptian Standard applicable to review engagements No. 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of standalone interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the financial statements.

Basis for Qualified Conclusion

According to information we obtained from management, the company's management, in accordance with the decision of the Board of Directors dated April 19, 2023, and its decisions, formed the technical committee to complete the technical receipt work and issue the extract and final settlements for projects under construction that were suspended from previous financial periods and related to the security system (Note No.9).

Qualified Conclusion

Based on our limited review, except for the effects of the matter described in the basis for qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the accompanying standalone financial statements do not present fairly, in all material respects, the standalone financial position of Eastern Company (S.A.E) as of September 30, 2023, and its financial performance and standalone cash flows for the period then ended in accordance with the Egyptian Accounting Standards and the prevailing Egyptian laws and regulations.

Cairo 14 November 2023**Auditor****Dr. Mostafa Shawki****Aud-14****Mazars Mostafa Shawki**

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

(Amounts expressed in Thousands of Egyptian Pounds)

	<u>Notes</u>	<u>30/9/2023</u>	<u>30/6/2023</u>
<u>ASSETS</u>			
<u>Non - Current Assets</u>			
Property, plant, and equipment	(8)	4 306 354	4 409 007
Projects under construction	(9)	251 641	249 705
Investment's property	(10)	127 849	128 060
investments in associates	(11)	24 000	24 000
Intangible assets	(12)	25 732	24 409
Financial assets measured at fair value through other comprehensive income	(13)	3 027 239	3 211 643
Financial investments at amortized cost	(14)	20 532	20 532
Right of use leased assets	(15)	215 448	217 494
Other assets	(16)	15 788	18 453
Total Non- Current Assets		8 014 583	8 303 303
<u>Current assets</u>			
Inventory	(17)	4 099 262	3 879 686
Trade and notes receivables	(18)	129 696	70 306
Debtors and other debit balances	(19)	823 200	727 690
Trade payables - advance payments	(20)	147 329	113 943
Financial assets measured at fair value through Profit or losses	(21)	10 756 598	9 985 269
Cash and cash equivalent	(22)	4 456 998	3 220 564
Total Current Assets		20 413 083	17 997 458
Total Assets		28 427 666	26 300 761
<u>Equity</u>			
Issued and paid-up capital	(23)	2 230 000	2 230 000
Reserves	(24)	4 238 504	4 183 074
Retained earning	(25)	1 475 543	9 703 325
Total equity		7 944 047	16 116 399
<u>Non - Current Liabilities</u>			
Deferred tax liability	(26)	258 722	302 020
Employees benefits delegation	(27)	387 226	387 226
Total Non-Current liabilities		645 948	689 246
<u>Current Liabilities</u>			
Provisions	(28)	1 040 750	1 183 230
Banks overdraft	(22)	795 222	307 543
Trade and notes payables	(29)	917 862	718 435
Creditors and other credit balances	(30)	15 766 985	6 163 762
Trade receivables - advance payments	(31)	144 759	175 944
Employees benefits delegation	(27)	27 722	37 837
Current income tax payable		1 144 371	908 365
Total current liabilities		19 837 671	9 495 116
Total liabilities		20 483 619	10 184 362
Total of equity and liabilities		28 427 666	26 300 761

- 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./ Tamer Mosli)
Chief financial officer



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



EASTERN COMPANY (S.A.E)
STANDALONE INCOME STATEMENT
FOR THE PERIOD FROM JULY 1,2023 TO SEPTEMBER 30,2023
(Amounts expressed in Thousands of Egyptian Pounds)

	<u>Notes</u>	<u>30/9/2023</u>	<u>30/9/2022</u>
Sales/Revenue	(32)	3 123 214	4 624 172
Cost of goods sold	(33)	<u>(2 148 331)</u>	<u>(2 263 491)</u>
Gross profit		<u>974 883</u>	<u>2 360 681</u>
Other income	(34)	113 093	98 030
Sale and distribution expenses	(35)	(150 612)	(159 202)
General and administrative expenses	(36)	(58 632)	(52 085)
Other expenses	(37)	<u>(26 735)</u>	<u>(650 880)</u>
Result of operating activities		<u>851 997</u>	<u>1 596 544</u>
Financing cost / income	(38)	10 075	(7 690)
Other financial investments revenue	(39)	<u>559 061</u>	<u>371 459</u>
Profit before tax		<u>1 421 133</u>	<u>1 960 313</u>
Income tax expenses	(40)	<u>(297 485)</u>	<u>(555 687)</u>
Profit from continued operations		<u>1 123 648</u>	<u>1 404 626</u>
Profit from Discontinued operations		--	--
Profit of the period		<u>1 123 648</u>	<u>1 404 626</u>
Earnings per share	(41)	<u>0.39</u>	<u>0.58</u>

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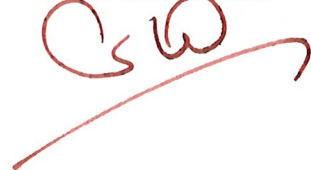
(Mrs. / Neveen Ali)
Head Of financial sector



(Mr./ Tamer Mosli)
Chief financial officer



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



EASTERN COMPANY (S.A.E)
STANDALONE STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM JULY 1,2023 TO SEPTEMBER 30,2023
(Amounts expressed in Thousands of Egyptian Pounds)

	<u>30/9/2023</u>	<u>30/9/2022</u>
Net profit of the year	1 123 648	1 404 626
<u>Other Comprehensive Income</u>		
Revaluation Financial assets measured at fair value through Profit/losses	71 232	(63 149)
Reclassification Adjustments	--	--
Cash flow hedges	--	--
Actuarial re-measurements of defined benefit pension plans	--	--
Company shares of other comprehensive income from associates	--	--
<u>Less</u>		
Other comprehensive income tax	(16 027)	14 208
Total other Comprehensive Income of the period after deducting tax	<u>55 205</u>	<u>(48 941)</u>
Total Comprehensive Income of the period	<u>1 178 853</u>	<u>1 355 685</u>

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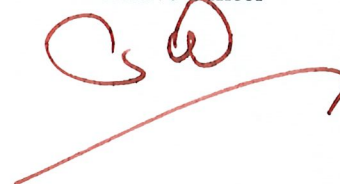
(Mrs. / Neveen Ali)
Head Of financial sector



(Mr./ Tamer Mosli)
Chief financial officer



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



Translation of Financial Statements
Originally Issued in Arabic

EASTERN COMPANY (S.A.E)
STANDALONE STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE PERIOD FROM JULY 1, 2023 TO SEPTEMBER 30, 2023
(Amounts expressed in Thousands of Egyptian Pounds)

	Issued and Paid up capital	Legal reserve	Statutory reserve	Capital reserve	Other reserves	Reserve of revaluation of financial investment	Total reserves	Retained earnings	Total equity
Balance as of July 1, 2022	2 230 000	1 205 504	1 673 498	575 129	992 789	(152 600)	4 294 320	5 908 236	12 432 556
Adjustment of expenses and revenues from previous years	-	-	-	-	-	-	-	(14 858)	(14 858)
Comprehensive income items	-	-	-	-	-	-	-	1 404 626	1 404 626
Net period gain 01/07/2022 to 30/09/2022	-	-	-	-	-	(48 941)	(48 941)	-	(48 941)
Comprehensive income items	-	-	-	-	-	(201 541)	(201 541)	7 298 004	13 773 383
Balance as of 30/09/2022	2 230 000	1 205 504	1 673 498	575 129	992 789	(201 541)	4 245 379	9 703 325	16 116 399
Balance as of July 1, 2023	2 230 000	1 205 504	1 673 498	580 717	982 015	(258 660)	4 183 074	969	969
Adjustment of expenses and revenues from previous years	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	-	-	-
Transferred to reserves from dividends for 2022/2023	-	-	-	225	-	-	225	(225)	-
distribution to shareholders	-	-	-	-	-	-	-	(8 362 500)	(8 362 500)
Employees contribution	-	-	-	-	-	-	-	(931 389)	(931 389)
Board of directors' reward	-	-	-	-	-	-	-	(20 000)	(20 000)
Youth and sports contribution	-	-	-	-	-	-	-	(38 285)	(38 285)
Other comprehensive income items	-	-	-	-	-	-	-	-	-
Net period gain 01/07/2023 till 30/09/2023	-	-	-	-	-	-	-	1 123 648	1 123 648
Comprehensive income items	-	-	-	-	-	55 205	55 205	-	55 205
Balance as of 30/9/2023	2 230 000	1 205 504	1 673 498	580 942	982 015	(203 455)	4 238 504	1 475 543	7 944 047

- 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. / Tamer Mosli)
Chief financial officer

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

EASTERN COMPANY (S.A.E)
STANDALONE STATEMENT OF CASH FLOW
FOR THE PERIOD FROM JULY 1,2023 TO SEPTEMBER 30,2023
(Amounts expressed in Thousands of Egyptian Pounds)

Total	Subtotal	Notes no.	Item	As of 30/9/2022
			<u>Cash flows from operating activities</u>	
	9 641 684		Cash sales and receivables collection	16 950 106
	(1 532 667)		Cash purchases and payments to suppliers	(1 807 734)
	(459 978)		Paid salaries	(415 407)
	617 775		Operating income for others and other revenues	872 600
	17 185		Credit interest collected	11 629
	(5 929)		Interest Paid	(90)
	(7 135 484)		Tax and fees paid	(12 123 335)
	415		Export subsidy / Grants and Subsidies	—
	309		Insurance claims collected	8
	3 663		Other payments	(27 400)
1 146 973			(1) Net Cash flows from operating activities	3 460 377
			<u>Second: Cash flows from investment activities</u>	
	(17 680)		Disbursement for purchasing fixed assets (projects under construction)	(29 278)
	(24 184 048)		Treasury Bills purchased	(22 154 030)
	(1 424 000)		Purchase investments in investments documents	(13 942 248)
	21 902 492		Treasury Bills Sales	21 287 035
	240 740		Bonds Sales	400 000
	3 074 316		Sales investments in investments documents	11 604 037
	15 684		Sales investments in investments documents gain	10 859
	--		Sales investments in investments documents loss	(15 847)
(392 496)			(2) Net Cash flows from investment activities	(2 839 472)
			<u>Third: Cash flows from financing activities</u>	
	(5 054)		Dividends paid	—
(5 054)			(3) Net Cash flows from finance activities	--
(668)			(4) foreign currency exchange differences losses and gain	1 992
748 755			Net cash from 1/7/2022 to 30/9/2023	622 897
2 932 452			Cash balance as of 1/7/2023	4 300
3 681 207		42	Cash and cash equivalent at the end of the year 30/9/2023	627 197

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

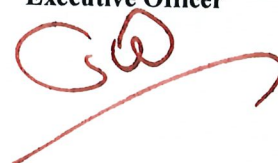
(Mr./ Haitham Talaat)
Head of current account and
financing sector



(Mr./ Tamer Mosli)
Chief financial officer



(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 - 6th 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 30/9/2023.

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 by scrolling on November 13,2023.

Company's financial year:

- From 1/7/2023 till 30/9/2023.
- 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 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.
- The 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.
- On 2/6/2019 the Shares Percentage of the Holding Company for Chemical Industries 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 to produce 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 to produce 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 (SAE).

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.

3/5 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

2/5 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.

<u>Estimated useful live</u>	<u>Estimated useful lives (year)</u>
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 assets 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 assets 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 assets 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.
- The company follow the continuing count method.
- The inventories of Tobacco leaf materials are sufficient for around 6.8 months.
- The inventories balance of finished goods is sufficient to meet the market needs for 5.7 days.
- The raw materials inventory includes Tobacco leaf in customs warehouses amounted to 809 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 because of past events, and it is expected that the company will require to settle the obligation, and a reliable estimated be made for the obligation.
- The provisions balance is 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 based on Five-step model as defined in the Egyptian accounting standard No. (48) as follows:

- **Step (1):** identify contract(s) with customers. A 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 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 its 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 is 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:

Company contingent liabilities

letters of guarantee relevant to Cairo and Alexandria customs

Letter of credits

Total

Amounts in Thousands of Egyptian Pounds

307 294

2 163 930

2 471 224

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 ratings.

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:

- Market risk is represented in the changes in the market prices such as foreign exchange currencies and interest rates.
- 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 SEPTEMBER 30, 2023: (In thousands)

	<u>Assets</u>	<u>Liabilities</u>	<u>Net value</u>
Dollars	(6 031)	89 948	(95 979)
Euro	21	9 072	(9 051)
Sterling pound	52	439	(387)
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 to get the best rates based on the large business size.

- Interest-bearing bank deposits during the financial time 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>30/9/2023</u>	<u>30/6/2023</u>
Total Liabilities	20 494 397	10 184 362
Deduct: Cash and cash equivalent	(4 456 998)	(3 220 564)
	<u>16 037 399</u>	<u>6 963 798</u>
Total Owner's Equity	<u>7 933 269</u>	<u>16 116 399</u>
	<u>2.02</u>	<u>.43</u>

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 1/7/2023 till 30/9/2023 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 considering 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:

	<u>Value (in millions)</u>
A judgment was issued in Case No. 9869 of 1994 (total civil) Cairo appeals to compensate the company, and that was 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.	12
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	<u>54</u>

7-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.

8- PROPERTY, PLANT AND EQUIPMENT
(Amounts expressed in Thousands of Egyptian Pounds)

<u>Fixed assets statement:</u>	<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>
Cost as of 1/7/2022	198 515	3 553 195	5 711 427	356 774	201 347	874 768	10 896 026
Transfers	--	--	--	--	--	--	--
Additions during the year	--	--	270 051	--	2 188	10 961	283 200
Transferred to investment property	--	--	--	--	--	--	--
Disposals and transfers during the period	--	--	--	(5 050)	(4 859)	(12 945)	(22 854)
Total Cost as of 30/6/2023	198 515	3 553 195	5 981 478	351 724	198 676	872 784	11 156 372
Cost as of 1/7/2023	198 515	3 553 195	5 981 478	351 724	198 676	872 784	11 156 372
Transfers	--	--	--	--	--	--	--
Additions during the period	--	--	4 773	--	--	5 173	9 946
Transferred to investment property	--	--	--	--	--	--	--
Disposals and transfers during the period	--	--	--	--	(13 243)	(87)	(13 330)
Total Cost as of 30/9/2023	198 515	3 553 195	5 986 251	351 724	185 433	877 870	11 152 988
Accumulated depreciation and impairments:							
Accumulated depreciation as of 1/7/2022	--	1 019 606	4 038 687	318 575	162 939	757 989	6 297 796
Transfers	--	--	--	--	--	--	--
Additions during the period	--	91 759	340 241	12 308	9 314	24 808	478 430
Transferred to investment property	--	--	--	--	--	--	--
Disposals and transfers during the period	--	--	--	(5 050)	(4 859)	(12 943)	(22 852)
Impairment of fixed assets	--	--	--	--	--	--	--
Disposals impairment provision	--	--	(6 009)	--	--	--	(6 009)
Accumulated depreciation and impairment as of 30/6/2023	--	1 111 365	4 372 919	325 833	167 394	769 854	6 747 365
Accumulated depreciation as of 1/7/2023	--	1 111 365	4 372 919	325 833	167 394	769 854	6 747 365
Transfers	--	--	--	--	--	--	--
Additions during the period	--	22 197	79 365	3 023	2 259	5 755	112 599
Impairment of fixed assets	--	--	--	--	--	--	--
Disposals and transfers during the period	--	--	--	--	(13 243)	(87)	(13 330)
Disposals impairment provision	--	--	--	--	--	--	--
Accumulated depreciation and impairment as of 30/9/2023	--	1 133 562	4 452 284	328 856	156 410	775 522	6 846 634
Property, plant, and equipment assets of 30/6/2023	198 515	2 441 830	1 608 559	25 891	31 282	102 930	4 409 007
Property, plant, and equipment assets of 30/9/2023	198 515	2 419 633	1 533 967	22 868	29 023	102 348	4 306 354

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 SEP 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 62 534 thousand Egyptian Pounds representing net donated assets as following:

<u>Donated Assets</u>	<u>Amounts expressed in Thousands of Egyptian Pounds</u>
Production's machinery	61 527
Production Utilities, equipment of Services	128
Transportation Vehicles	2
Furniture	877
Total	62534

- * 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

* The historical cost of assets excluded from active and non-classified use as assets held for sale is 21,187 thousand pounds with a net book value of approximately 13,316 thousand pounds consisting of two factories and Muharram Bey due to its discontinuation in 2021.

* The historical cost of operationally leased fixed arrivals was approximately 246,810 thousand pounds.

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 year, 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

	<u>In thousands</u>	
	<u>30/9/2023</u>	<u>30/6/2023</u>
Investments configuration	245 205	249 703
Investment expenditure	6 436	2
Total	<u>251 641</u>	<u>249 705</u>

Projects investment configuration:

	<u>30/9/2023</u>	<u>30/6/2023</u>
Buildings	1 456	1 456
Machines	17 220	21 658
Transportation Vehicles	--	--
Tools	--	--
Office equipment and installations	226 529	226 589
Total	<u>245 205</u>	<u>249 703</u>

Investments expenditure:

	<u>30/9/2023</u>	<u>30/6/2023</u>
Advance payments fixed assets	3 690	--
Road Goods Fixed Assets	2 746	--
LCs of fixed assets	--	2
Total	<u>6 436</u>	<u>2</u>

10- INVESTMENTS PROPERTY

The net investments property on September 30, 2023, amounted to 127 849 Thousand Egyptian pounds. The following is the movement of investments property during the period:

Cost as of 1/7/2022	179 987
Transfer from assets	-
Additions	--
Disposals	--
Cost as of 30/6/2022	179 987
Cost as of 1/7/2023	179 987
Transferred to fixed assets	--
Additions	--
Disposals	--
Cost as of 30/9/2023	179 987
Depreciation	
accumulated depreciation at 1/7/2022	51 083
Transferred to accumulated depreciation	--
Additions	844
disposals	--
accumulated depreciation at 30/6/2023	51 927
Accumulated depreciation at 1/7/2023	51 927
Transferred to accumulated depreciation	--
Additions	211
disposals	--
accumulated depreciation at 30/9/2023	52 138
Net book value at 30/6/2023	128 060
Net book at 30/9/2023	127 849

The items of investments property represented as follows:

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
Al Salum Factory Land - Alexandria	404
Gan Marshan land	5
Total	179 987

- Al-Zumar and Al-Manisterly 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 Manisterly site from fixed assets to investments property it was also approved to convert Niaza factory site to investment property.

- 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 guaranteed payment amounted to 500 thousand pounds to the company's treasury after the auction has been awarded.
- The remaining 25% of the guaranteed value must 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.
- On October 16, 2023, the company confiscated the amounts paid by the bidder, considering the contract automatically terminated, due to the bidder's continued failure to pay the sale price and the payments included in the payment program in accordance with the terms of the bid.

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

	<u>30/9/2023</u>	<u>30/6/2023</u>
Computers' program and H.R software license update	66 454	62 695
Amortization	(39 754)	(37 937)
Disposals residual values	(619)	--
Refunded Sales tax	(349)	(349)
Net	<u>25 732</u>	<u>24 409</u>

Amortization statement as follows:

	<u>30/9/2023</u>	<u>30/6/2023</u>
Beginning balance	24 409	1 802
Additions	3 760	25 582
Disposals	(619)	--
Amortization	<u>(1 818)</u>	<u>(2 975)</u>
Ending balance	<u>25 732</u>	<u>24 409</u>

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

13- FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>30/9/2023</u>	<u>30/6/2023</u>
Investments in bonds	2 113 815	2 361 585
Investments in dollars bonds	1 166 676	1 174 542
(Less) Fair Value adjustments	<u>(253 252)</u>	<u>(324 484)</u>
Net	<u>3 027 239</u>	<u>3 211 643</u>

- 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 also The Egyptian bonds were evaluated at their book value on September 30, 2023, at a value of 2 032 261 thousand pounds. Likewise, the fair -value of dollar bonds on September 30, 2023, was valued at 994,978 thousand pounds.
- The Egyptian bonds were valued at their book value on September 30, 2023, minus the bond valuation at fair value according to Banque du Caire's prices on September 30, 2023 and the difference in adjusting the revaluation differences.
- The dollar bonds were valued at book value on September 30, 2023, minus the valuation of the dollar bonds at fair value according to the prices of the Bank of Cairo on September 30, 2023, and the difference in adjusting the revaluation differences, considering the valuation at the Central Bank's prices.
- Egyptian bonds have been recovered with a nominal value of 241 million.

14- FINANCIAL ASSETS AT AMORTIZED COST

	<u>30/9/2023</u>	<u>30/6/2023</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**	<u>23</u>	<u>23</u>
Total	20 691	20 691
Less impairment in securities	(23)	(23)
Less provision for expected credit losses	(136)	(136)
Net	<u>20 532</u>	<u>20 532</u>

* 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. The company has addressed both the Ministry of Finance and the National Investment Bank to recover these amounts and informed the concerned authorities that depositing these amounts was for a national purpose and was made in accordance with a legislative instrument that regulated the method of depositing this amount and the annual return due from it, and that in light of the fatwa of the General Assembly for Fatwa and Legislation of the State Council, it is not possible. The company may recover the value of these amounts only in accordance with a legislative instrument regulating the process of recovery.

** Investments in foreign securities OF Lebanese Company for Tobacco and Tobacco Traders

15- RIGHT OF USE LEASED ASSETS

	<u>30/9/2023</u>	<u>30/6/2023</u>
Right of use leased assets	507 561	507 561
Accumulated depreciation right of use leased assets	(292 113)	(290 067)
Net	<u>215 448</u>	<u>217 494</u>

16- OTHER ASSETS

	<u>30/9/2023</u>	<u>30/6/2023</u>
The company's contribution to the project of filling, improvement, and coverage of the El Zomor Canal	435	453
Long term prepaid expense *	15 353	18 000
Net	<u>15 788</u>	<u>18 453</u>

* The 15 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

17- INVENTORY

	<u>30/9/2023</u>	<u>30/6/2023</u>
Raw materials *	518 578	623 642
Raw materials (Tobacco leaf) under customs custody (unpaid custom yet) **	809 206	831 359
Fuel inventory	2 695	2 045
Spare parts	679 653	662 104
Packaging	1 715 897	1 426 882
Waste and scrap	495	689
Materials and spare parts under process storage	503	430
Production work in process	59 447	54 466
Finished goods	185 489	168 467
Consignment packing materials and spare parts	1 519	1 090
Goods by road	92 454	--
Letter of Credit	85 917	161 103
Total	<u>4 151 853</u>	<u>3 932 277</u>
Less the write down in inventory ***	(52 591)	(52 591)
Net	<u>4 099 262</u>	<u>3 879 686</u>

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

- The unpaid customs duties are estimated at 49,243 thousand Egyptian pounds, and the total fees for developing the state's financial resources for this tobacco are estimated at 14,579 thousand Egyptian pounds.
- Write down in inventory include:

	<u>30/9/2023</u>	<u>30/6/2023</u>
Raw Materials	720	720
Spare parts	47 186	47 186
Packing materials	3 848	3 848
Semi-finished products	92	92
Finished products	745	745
Total	52 591	52 591

18- TRADE AND NOTES RECEIVABLE

	<u>30/9/2023</u>	<u>30/6/2023</u>
Trade receivables (foreign production)	122 585	67 452
Foreign Trade receivables	7 957	3 700
Total	130 542	71 152
Deduct: provision of expected credit losses	(846)	(846)
Net	129 696	70 306

- * 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>30/9/2023</u>	<u>30/6/2023</u>
Debtor Accounts to governmental Authorities	483 474	501 190
Accrued revenues	130 581	150 675
Prepaid expenses	18 338	15 448
Other debit balances	216 480	86 050
Total	848 873	753 363
Less impairment in debtors	(23 617)	(23 617)
Less provision of expected credit losses (debt balances)	(2 056)	(2 056)
Net	823 200	727 690

19/1 Debtor Accounts to governmental Authorities

	<u>30/9/2023</u>	<u>30/6/2023</u>
VAT tax authority	411 219	459 850
Custom authority - Public Goods Secretaries	--	26 315
Custom authority - tobacco Customs Secretaries	1 249	--
Debit balance for other governmental authorities	71 006	15 025
	483 474	501 190

Accounts receivable with other authorities include the following:

- 4 904 Thousand Egyptian pounds for Customs Department, Drupak Tobacco.
- 2 231 Thousand Egyptian pounds for sales paid on returned goods
- 1 316 Thousand Egyptian pounds for sales tax paid on investment goods
- 6 452 Thousand Egyptian pounds for Ministry of Finance - imported sales tax.
- 55 923 Thousand Egyptian pounds for value added tax 14% on Rents due
- 180 Thousand Egyptian Pounds others.

19/2 Accrued revenues

	<u>30/9/2023</u>	<u>30/6/2023</u>
Accrued export incentives	777	417
Securities accrued income	128 225	149 190
Creditor's rent receivable	466	466
Miscellaneous income accrued	596	602
Debit rents accrued	517	--
Total	130 581	150 675

19/3 Other debit balances:

	<u>30/9/2023</u>	<u>30/6/2023</u>
Guarantees for others	12 141	11 224
Employees loans	5 940	9 058
Other debit balances *	198 399	65 768
Total	216 480	86 050

* The other debit balance includes the follows:

	<u>Amount</u> <u>EGP</u>
Insurance claims under settlement, cars and subsidies to others	6 464
Amounts due to the company at the Eastern Sports and Social Company Club, Egypt Petroleum Company, and ecs company for energy and Contractors, Medent Company, Fines, as well as travel allowance abroad and others	161 897
Other current accounts	7 835
The goods of his sources with the knowledge of the Supply Detective	11 146
The reservoir belongs to the el- Rsafa factory, which is restricted to its ward No. 4900/2016	2 840
Settled for next months	185
Others	8 032

20- TRADE PAYABLES - ADVANCE PAYMENTS

	<u>30/9/2023</u>	<u>30/6/2023</u>
Public sector suppliers	27 514	7 610
Private sector suppliers	105 345	92 310
Public sector services suppliers	14 470	14 023
Total	147 329	113 943

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

	<u>30/9/2023</u>	<u>30/6/2023</u>
Treasury bills investments	7 918 179	5 517 830
Investment of investment deposits	2 838 419	4 467 439
Total	10 756 598	9 985 269

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

22- CASH AND CASH EQUIVALENT

	<u>30/9/2023</u>	<u>30/6/2023</u>
Banks current accounts	3 865 546	2 682 316
Cash on hand	2 517	2 676
Time deposit / USD	608 366	555 003
Total	4 476 429	3 239 995
<u>Less:</u>		
Less provision of expected credit losses (Banks current account)	(15 757)	(15 757)
Less provision of expected credit losses (branch)	(18)	(18)
Less provision of expected credit losses (deposits)	(3 656)	(3 656)
Net	4 456 998	3 220 564
Banks overdrafts	(795 222)	(307 543)
<u>Cash balance 30/9/2023</u>	3 661 776	2 913 021

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:

<u>Company name</u>	<u>Shares number</u>	<u>Percentage</u>
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%
Total	2 230 000 000	100.00%

- 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.
- The number of treasury shares that have been purchased for more than a year without being disposed of reached 372,710, with 16 shares that the company could not sell during the sale notice period ending on September 14, 2021. a number of 32,303,418 shares of treasury shares were sold. Until 11/1/2021 Of the shares purchased.
- The Extraordinary General Assembly (held on 11/11/2021) also decided to approve, by a majority, the cancellation of treasury shares at nominal value, amounting to 20 million shares with a nominal value of 20 million pounds, so that the issued capital after the reduction became 2,230 million pounds distributed among 2,230. One million shares instead of 2.250 million shares, amending Articles 7.6 of the company's by-laws, and approving by a majority to amend Article (22) of the company's bylaws by adding Cumulative voting to elect members of the Board
- On 16/8/2022 the national regulatory authority approved reducing the paid up capital
- On 3/9/2023, 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 19336625000 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.

- Legal procedures are currently being taken regarding the transfer of the 30% to Global Holding Company Limited, as until the issuance of the financial statements, ownership has not yet been transferred. This will be followed by a restructuring of the ownership structure, including the acquisition of 30% of the holding company's shares.

24- RESERVES

	30/9/2023	30/6/2023
Legal reserve	1 205 504	1 205 504
Statutory reserve	1 673 498	1 673 498
Capital reserve	580 942	580 717
Earnings balance reserve	940 170	940 170
Reserve to be invested in governmental bonds	20 662	20 662
Reserve of revaluation of financial investments	(203 455)	(258 660)
Reserve of profits estimated budget	21 158	21 158
Other reserves	25	25
Total	4 238 504	4 183 074

The balance of the issued and paid-up capital and reserves, retained earnings on September 30, 2023, amounted to 7 944 047 thousand Egyptian pounds. The following is the movement of capital accounts, reserves and retained earnings: -

	Thousand Egyptian Pounds			
	Balance as of 1/7/2023	Additions	Exclusions	Balance as of 30/9/2023
Issued and paid-up share capital	2 230 000	--	--	2 230 000
Legal reserve	1 205 504	--	--	1 205 504
Regular /Statutory reserve	1 673 498	--	--	1 673 498
Capital reserve	580 717	225	--	580 942
Reserve to be invested in governmental bonds	20 662	--	--	20 662
Reserve of profit estimated budget	940 170	--	--	940 170
Reserve of revaluation of financial investments	(258 660)	55 205	--	(203 455)
Reserve of expected credit losses for debt instruments	21 158	--	--	21 158
Other reserves	25	--	--	25
Retained earnings	9 703 325	1 124 617	(9 352 399)	1 475 543
Total	16 116 399	1 180 047	(9 352 399)	7 944 047

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>30/9/2023</u>	<u>30/6/2023</u>
Retained earnings	9 703 325	5 908 236
Dividends	(9 352 399)	(4 012 405)
Current profit	1 123 648	7 656 987
Adjustment	969	150 507
Net tax liabilities	<u>1 475 543</u>	<u>9 703 325</u>

- Profits retained on 30/6/2023 include the profit for the fiscal year 2022/2023, amounting to 7 656 987 thousand pounds, which the General Assembly held on September 28, 2023 decided to distribute as follows:

- Approval of the profit distribution calculation proposed by the Board of Directors for the fiscal year 2022/2023, considering that the return on the share is (three pounds and seventy piasters), that the employees' share is 931,389 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 30/9/2023 also include the profit for the period from 1/7/2023 to 30/9/2023, which amounted to 1 123 648 thousand pounds and the revenues of previous years, and the charge on the retained profits for the financial period from 1/7/2023 until 30/9/2023, a value of 969 thousand pounds, which is the settlement of previous years' expense accounts.

- the company's ordinary general assembly held on 28/9/2023, 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 30/6/2023.
 - 2- Approval of the two auditors' reports for the financial year ending on 30/6/2023.
 - 3- Approval of the company's financial statements for the financial year ending on 30/6/2023, 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 7 657 million Egyptian pound.
 - 4- Discharge of the Chairman and members of the Board of Directors from liability for management activities for the fiscal year ending on June 30, 2023.

- 5- Approval of the dividend distribution calculation proposed by the Board of Directors for the financial year 2022/2023, considering the return on the share (three pounds and seventy-five piasters), provided that the full value of the coupon is disbursed in two installments, the first installment: two pounds within a month from the date of the association's termination, the second installment. One hundred and seventy-five piasters during the month of next December, and the workers' share shall be nine hundred and thirty-one million three hundred and eighty-nine thousand Egyptian pounds, and the remuneration of the Board of Directors (the Board's share in profits) shall be twenty million Egyptian pounds.
- 6- Approval of the remuneration and allowances of members of the Board of Directors for the year ending on June 30, 2024, at a value of 5,000 pounds as a transfer allowance.
- 7- Approval of renewing the appointment of the company's auditor (Mustafa Shawky's office, MAZARS) for the fiscal year that will end on 30/6/2024 and setting his fees to be 400,000 pounds annually.
- 8- Approval to approve donations disbursed during the fiscal year ending June 30, 2024, not to exceed an amount of 50 million pounds, provided that the start date of the donation is July 1, 2023, the beginning of the new year.
- 9- Approval to approve the compensation contracts concluded for the fiscal year ending on June 30, 2023, for the Zaki Hashem Legal Consultation Office, with a total value of 10 million 938 thousand, and to authorize the conclusion of compensation contracts for the fiscal year ending in 2023/2024.

26- DEFERRED TAX

	<u>30/9/2023</u>	<u>30/6/2023</u>
Deferred tax liabilities	(472 831)	(587 101)
Deferred tax assets	214 109	285 081
Net tax liabilities	<u>258 722</u>	<u>302 020</u>

- 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 414 948 Thousand Egyptian Pounds which expressing the end of service grant for the permanent employees of the company on 30/9/2023. 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 2023/2024, amounting to 27 722 thousand pounds, has been separated and included in current liabilities and the used 10 115 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 based on 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, considering 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 because 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.
- 3-The pay scale rate: 10%.

28- PROVISIONS:

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

• Movement of provisions:

	<u>Balance as of 1/7/2023</u>	<u>Thousand Egyptian Pounds</u> <u>Provided</u>	<u>No longer needed/ used***</u>	<u>Balance as of 30/9/2023</u>
Provision of disputed taxes *	923 021	--	--	923 021
Provision of legal claims **	3 509	97	--	3 606
Provision of early pension ***	256 700	--	142 577	114 123
Total	1 183 230	97	142 577	1 040 750

- "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	<u>Thousand Egyptian Pounds</u>	Description
50%	Compensation	250	Primary cases
50%	Compensation	500	Appeal cases
50%	Obligation	26	Cassations cases
20%	Exchange for compensation	10	
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	17	
20%	Compensation for cash	102	
20%	Compensation	1000	
20%	Compensation for death	80	
20%	Cancellation of decision and compensation	1000	
20%	Exchange for compensation	2	
20%	Exchange for compensation	40	
		3,606	Total

- Formation provision from 56%- 69%

percentage	Topic	<u>Thousand Egyptian Pounds</u>	Description
65%	Compensation	3,795	Appeal cases
65%	compensation	6000	
65%	Compensation for sick leave	18	Cassations cases
65%	Obligation to pay the amount	298	
		10,111	Total

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 June 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 July 6,2023 with the approval that the door for applications for the project will be opened from August 1,2023 until August 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>30/9/2023</u>	<u>30/6/2023</u>
Trade payables (public sector)	21 929	31 771
Trade payables (private sector)	306 278	230 797
Foreign Trade payables	589 655	455 867
Total	917 862	718 435

30- CREDITORS AND OTHER CREDIT BALANCES

	<u>30/9/2023</u>	<u>30/6/2023</u>
Governmental authorities current account	5 011 928	4 938 057
Dividends payable	9 325 402	468
Accrued expenses	614 483	546 481
Other credit balances	815 172	678 756
Total	15 766 985	6 163 762

30/1 Governmental authorities credit accounts

	<u>30/9/2023</u>	<u>30/6/2023</u>
Customs Department Tobacco secretariats	567	--
VAT tax authority*	4 875 655	4 824 435
Health insurance contribution	62 093	52 556
General Tax Authority (salary tax-withheld from others at source)	39 446	27 346
Property tax authority	10 644	9 261
National organization for social insurance	23 523	24 459
Total	<u>5 011 928</u>	<u>4 938 057</u>

30/2 Accrued expenses

* 614 483 thousand Egyptian Pounds representing accrued expenses for employees and other.

30/3 Other credit balances

	<u>30/9/2023</u>	<u>30/6/2023</u>
Deposits from others	79 871	87 214
Fixed assets supplies	29 147	28 985
Creditors amounts deducted from employees	12 588	8 904
Deferred revenue related to gifted fixed assets*	117 367	122 104
* Credit balances include deferred revenue. services**	150 000	200 000
Amounts set aside for workers - social services	141 660	146 704
Other***	284 539	84 845
Total	<u>815 172</u>	<u>678 756</u>

Credit balances includes unearned revenues:

62,534 thousand EGP for gifted assets

47,754 thousand EGP for spare parts transferred from British American tobacco

7,079 thousand EGP for net packaging from British American

** 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 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.

188,048 for marketing accrued expenses, other accrued expenses and accrued maintenance for machines

3,017 for social contribution at the company

15,072 for general authority of social insurance and individuals of insurance funds for employees and mobile networks

16,592 for current account

4,360 for co-production inventory(target)

54,588 for uncashed checks and LC under settlement

31- TRADE RECEIVABLES - ADVANCE PAYMENTS

	<u>30/9/2023</u>	<u>30/6/2023</u>
Receivables - other credit balances	144 447	175 037
Receivables credit balances - scrap	312	907
Total	<u>144 759</u>	<u>175 944</u>

*** 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 63,822 thousand Egyptian Pounds.

*** Income statement**

The cost of activity revenues includes an amount of 2,045 thousand Egyptian pounds for the depreciation of usufruct assets (for the period from July 1,2023 to September 30,2023), and the income statement does not include any expenses related to real estate investments expect for the depreciation of real estate investment, as there are no maintenance expenses. Or otherwise, and no income is generated from these investments until the date of preparing the financial statements.

32- SALES REVENUE

	<u>30/9/2023</u>	<u>30/9/2022</u>
Net sales finished goods	2 893 570	4 258 032
Net sales finished goods export	34 882	22 969
Net sales of merchandise purchased for sale	4 023	--
Revenue of operation for other	189 602	342 157
Carpentry workshop revenue	17	65
Covered hall revenue	1 120	949
Total	<u>3 123 214</u>	<u>4 624 172</u>

33- COST OF GOODS SOLD

	<u>30/9/2023</u>	<u>30/9/2022</u>
Raw Materials	1 497 734	1 677 574
Depreciation and amortization	92 762	107 277
Wages	386 252	382 366
Maintenance	172 695	26 595
Miscellaneous service expenses	(4 785)	15 214
Insurance expenses	6 942	7 415
Purchases for sale	1 958	--
Loss of decrease in scrap value	--	37
Loss of decrease in material cost	--	67
Loss of decrease in inventory	16	--
Reverse decrease in inventory	--	(502)
Change in inventory	(22 003)	29 306
Others	16 760	18 142
Total	<u>2 148 331</u>	<u>2 263 491</u>

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

	<u>30/9/2023</u>	<u>30/9/2022</u>
Raw Materials	16	--
<u>total</u>	<u>16</u>	<u>--</u>

Cost of Goods sold was reduced by the amount of reverse of inventory losses:

	<u>30/9/2023</u>	<u>30/9/2022</u>
Raw Materials	--	(502)
<u>total</u>	<u>--</u>	<u>(502)</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 2, 731 thousand Egyptian Pound and the cost of carpentry workshop by 15 thousand Egyptian Pound

34- OTHER INCOME

	<u>30/9/2023</u>	<u>30/9/2022</u>
Gain from materials sales	--	55
Other miscellaneous income*	25 493	8 941
Gain from scrap sales	7	11
Rents income	--	300
Credit compensation	1 094	61
Capital profit	15 684	10 859
No-longer provisions	--	100
Differed revenue	50 000	50 000
Grants and subsidies ***	775	269
Profit from selling financial instruments	20 040	27 434
Total	113 093	98 030

* The miscellaneous revenues include an amount of 3 684 thousand Egyptian Pound relevant to gifted assets

** Other revenues include grants and subsidies for the period from 1/7/2023 to 30/9/2023, 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>30/9/2023</u>	<u>30/9/2022</u>
Profits on revaluation securities	35 495	27 434
<u>Losses on revaluation financial securities</u>	<u>(15 455)</u>	<u>--</u>
<u>Net profit of revaluation of securities</u>	<u>20 040</u>	<u>27 434</u>

35- SALES AND DISTRIBUTION EXPENSES

	<u>30/9/2023</u>	<u>30/9/2022</u>
Salaries	95 238	93 306
Depreciation and amortization	1 169	1 059
Maintenances	230	66
Miscellaneous service expenses	674	665
Insurance expenses	1 097	785
Marketing expenses	13 557	8 558
Discount permitted	24 747	35 109
Finished goods transfer	5 705	7 019
Other	8 195	12 635
Total	150 612	159 202

36- GENERAL AND ADMINISTRATIVE EXPENSES

	<u>30/9/2023</u>	<u>30/9/2022</u>
Salaries	40 503	38 093
Depreciation and amortization	4 606	3 110
Maintenances	34	34
Miscellaneous service expenses	4 154	1 449
Other	9 335	9 399
Total	<u>58 632</u>	<u>52 085</u>

37- OTHER EXPENSES

	<u>30/9/2023</u>	<u>30/9/2022</u>
Donations for other	12 500	12 500
Extraordinary losses	3 855	18 773
Provision of early pension	9 537	12 764
Allocating judicial claims	98	--
Provisions of disputed tax	--	15 847
Provision of Expected credit losses	496	--
Provision for allowance of doubtful accounts	--	561 999
Compensation and fines	249	28 997
Total	<u>26 735</u>	<u>650 880</u>

38- NET FINANCING COST/ REVENUE

	<u>30/9/2023</u>	<u>30/9/2022</u>
Credit interest	18 524	12 080
Gain on foreign currencies	1 054	2 950
Total finance revenue	<u>19 578</u>	<u>15 030</u>
Debit interest and bank expenses	(8 006)	(1 083)
(Losses) on foreign currencies	(1 497)	(21 637)
Total finance expenses	<u>9 503</u>	<u>(22 720)</u>
Net financing Revenue	<u>10 075</u>	<u>(7 690)</u>

39- OTHER FINANCIAL INVESTMENTS REVENUE

The other financial investments revenue includes 406,530 thousand Egyptian Pounds as a treasury bill return and 83,105 thousand Egyptian Pounds from treasury bonds revenue, and 69,245 thousand Egyptian Pounds from Dollars bonds and 181 thousand Egyptian Pounds from government bonds returns.

40- TAX EXPENSES

- The income tax in the income statement as of 30/9/2023 amounted to 356,810 thousand EGP.
- The deferred tax in income statement as of 30/9/2023 was amounted to 59,325 thousand Egyptian Pounds according to the following:

	<u>Thousand Egyptian Pounds</u>
Deferred tax assets	(54,945)
Deferred tax liabilities	114,270
Total	<u>(59,325)</u>

- The current tax average 25%

41- EARNINGS PER SHARE

	<u>Unit</u>	<u>30/9/2023</u>	<u>30/9/2022</u>
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	876 230	1 294 921
Weighted average number of common shares	Thousand shares	2 230 000	2 230 000
Portion per share in net profit	Egyptian Pounds	<u>.39</u>	<u>0.58</u>

The Cash Flows Statement:

42- CASH AND CASH EQUIVALENT

- The cash and cash equivalent balance amounted to 3,681,207 million Egyptian Pounds are as following:

	<u>30/9/2023</u>	<u>30/9/2022</u>
Banks accounts	3 865 546	609 234
Cash on hand	2 517	17 963
Time deposit / USD	608 366	--
Banks overdrafts	(795 222)	--
Total	<u>3 681 207</u>	<u>627 197</u>

- The cash balance includes the amount of 1,503,244 thousand pounds, in a day-to-day bank account (Egypt investment fund)
- The tax due from us was paid on October 1, 2023 in the amount of 2,047,280 thousand Egyptian pounds, a tax payable for the month of august 2023.
- Treasury stocks amounted to 7 918 178 at fair value through profits and losses, maturing within 3 months following the financial statements.

- The Egyptian bonds amount to 1,000,555 at fair value through comprehensive income within 3 months following the financial statements.
- The credit facilities which available to be used in future amounted to 7,100 million Egyptian Pounds.
- There is a dollar loan at a rate of 95% of the dollar deposit at Cairo bank.
- There are dollar deposits amounting to 1,735 thousand us dollars in emirates bank Dubai
- The are dollar deposits amounting to 17,999 thousand us dollars at the Cairo bank.

43- Contractual commitments

- The contractual obligations include filling a gas cylinder for the laser machine at a value of 69,078 euros.

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.

46- 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).

47- 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 6th 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 6th October with total capacity of 610 m3/day and the company got the environmental approval for energy raising up to be 1220 m3/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 m3 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 m2 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.

48- SIGNIFICANT EVENT

48-1 Central Bank Of Egypt Decisions

In its session held on October 27, 2022, the Central Bank of Egypt decided to announce the implementation of the flexible exchange rate system for pricing foreign exchange, provided that the buying and selling prices of currencies are determined in the Egyptian pound based on the conditions of supply and demand. Accordingly, the exchange rate of the US dollar began to rise against the Egyptian pound, where it reached The closing price was 30.8283 Egyptian pounds on September 30, 2023. Coinciding with the liberalization of the exchange rate, the Central Bank of Egypt also raised the deposit and lending return rate, which affected the company's revenues and financing costs.

48-2 New issuances and amendments to Egyptian accounting standards

On March 6, 2023, Prime Minister's Resolution No. (883) of 2023 was issued amending some provisions of accounting standards. The following is a summary of the most important of these amendments.

Application date	Potential impact on the financial statements	Summary of the most important amendments	New or reissued standards
<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>These amendments shall be applied for annual periods beginning on or after January 1, 2023, retroactively, with the cumulative effect of 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 evaluating the potential impact on the financial statements if that option is used.</p>	<ol style="list-style-type: none"> 1- These standards were reissued in 2023, allowing the use of the revaluation model when measuring fixed assets and intangible assets. 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: 3- -Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates, and Errors". 4- -Egyptian Accounting Standard No. (24) "Income Taxes" 5- -Egyptian Accounting Standard No. (30) "Periodic Financial Statements" 6- -Egyptian Accounting Standard No. (31) "Impairment of Assets" 7- -Egyptian Accounting Standard No. (49) "Leasing Contracts" 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, regarding to fruit-bearing plants. 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 	<p>Egyptian Accounting Standard No. (10) amended 2023 "Fixed assets and their depreciation" and Egyptian Accounting Standard No. (23) amended 2023 "Intangible assets."</p>

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

Application date	Potential impact on the financial statements	Summary of the most important amendments	New or reissued standards
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>2023 and Egyptian Accounting Standard No. (10) are applied for the first time.) Amended 2023 regarding 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>	
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 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.	Management is currently studying the possibility of changing the adopted accounting policy and using the revaluation model option included in those standards, and evaluating the potential impact on the financial statements if that option is used.	<p>1- Egyptian Accounting Standard No. (34) amended 2023 "Real Estate Investment"</p> <p>1- This standard was re-issued in 2023, allowing the use of the fair value model when measuring subsequent real estate investments.</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>	Egyptian Accounting Standard No. (34) Amended 2023 "Real Estate Investment"

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

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 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.	Not applied	<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>	Egyptian Accounting Standard No. (36) amended 2023 " Exploration and evaluation of mining resources"
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.	Not applied	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"	Egyptian Accounting Standard No. (35) amended 2023 "Agriculture"
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>1- -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>2- -2Egyptian Accounting Standard No. (50) replaces and repeals Egyptian Accounting Standard No. 37 "Insurance Contracts."</p> <p>3- -3Any reference in other Egyptian accounting standards to Egyptian Accounting Standard</p>	Egyptian Accounting Standard No. (50) "Insurance Contracts"

Application date	Potential impact on the financial statements	Summary of the most important amendments	New or reissued standards
		<p>No. (37) will be replaced by Egyptian Accounting Standard No.(50) .</p> <p>4- -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>5- -Egyptian Accounting Standard No. (10) "Fixed Assets and their Depreciation".</p> <p>6- -And Egyptian Accounting Standard No. (23) "Intangible Assets."</p> <p>7- -Egyptian Accounting Standard No. (34) "Real Estate Investment."</p>	

48-2-2

- 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.
- Paragraph (9): An exception to the requirements of Paragraph No. "28" of the Egyptian Accounting Standard the standard No. (13) The effects of changes on foreign exchange rates for recognizing currency differences. An entity whose business results are affected can profits or losses from currency differences as a result of moving the foreign exchange rate, whether its currency of registration is the Egyptian pound or any other foreign currency, can To recognize, within other comprehensive income items, the net debit and credit currency differences realized during the period, in addition to the differences resulting from retranslating the balances of items of a monetary nature outstanding at the end of December 31, 2023, or at the end of the day of the closing date of the financial statements for the financial period to apply this accounting treatment. own, using the exchange rate used on that date, less any relevant translation differences recognized in the cost of assets in accordance with paragraph "7" of this Appendix. Considering that these differences resulted from a characteristic Essential because of unusual exchange rate movements.

(Mrs. / Neveen Ali)
Head Of financial sector



(Mr./ Tamer Mosli)
Chief financial officer

