EGYPTIAN INTERNATIONAL
PHARMACEUTICAL INDUSTRIES " EIPICO " S.A.E
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2022
<u>WITH LIMITED REVIEW REPORT</u>

INDEX

MOSTAFA SHAWKI
153 Mohamed Farid Street,
Bank Misr Tower,
P.O. Box 2095, Cairo 11518,
EGYPT
Tel: (02) 23917299
(02)23901890
mshawki@mazars.com
www.mazars.com.eg

Translation of Limited Review Report
Originally Issued in Arabic

LIMITED REVIEW REPORT

To the Board of Directors of:
Egyptian International Pharmaceutical Industries Co. – EIPICO "S.A.E"

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **Egyptian International Pharmaceutical Industries Co. – EIPICO "S.A.E"** as of June 30, 2022 and the related statements of income, comprehensive income, changes in equity and cash flows for the three months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

We conducted our limited review in accordance with the Egyptian Accounting Standards on review engagements No. (2410), "Limited Review of Interim Financial Statements Performed by the Independent Auditor of the Entity." A limited review of interim financial Statements consists of making inquiries, primarily of persons responsible for financial and accounting matters in the company, and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with Egyptian on Standards 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 these condensed Interim Financial Statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly in all material respects the financial position of the company as at June 30, 2022, and of its financial performance and its cash flows for the six months then ended in accordance with Egyptian Accounting Standards No. (30) for consolidated periodic financial statements.

Explanatory note

The company canceled using the option to display currency differences resulting from the liberalization of the exchange rate, which was implemented on March 31, 2022 and contained in paragraph (9) of Appendix (B) Egyptian Accounting Standard No. (13) as amended 2015 "The Effects of Changes in Foreign Exchange Rates and Return To the original treatment mentioned in the standard, which resulted in the transfer of currency differences from other comprehensive income in the amount of 53 065 540 Egyptian pounds and presented within the items of the income statement on June 30, 2022.

Cairo: August 9, 2022

Auditor

Dr. Ahmed Shawki
MAZARS MOSTAFA SHAWKI

Translation of Limited review Report
Originally Issued in Arabic

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EIPICO
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2022

(Amount expressed in LE)

	Note No.	30/06/2022 L.E	31/12/2021 L.E
NON-CURRENT ASSETS			
Fixed assets (net)	(4)	898 444 108	922 138 625
Right of use assets (net)	(5)	2 738 310	--
Projects under progress	(6)	560 740 908	449 841 684
Intangible assets	(7)	943 473	--
Investments in subsidiaries, associates and joint ventures	(8)	352 446 138	339 165 845
Total non-current assets		**1 815 312 937**	**1 711 146 154**
CURRENT ASSETS			
Inventory (net)	(9)	2 012 488 895	1 817 785 529
Accounts and notes receivable (net)	(10)	1 245 290 645	1 161 427 394
Debtors and other debit balances	(11)	294 326 951	232 942 176
Cash and cash equivalents	(12)	**517 847 318**	311 587 051
Total current assets		**4 069 953 809**	**3 523 742 150**
Total Assets		**5 885 266 746**	**5 234 888 304**
Equity			
Capital	(13)	991 705 000	991 705 000
Reserves	(14)	1 502 885 332	1 451 126 674
Retained earnings	(15)	74 281 386	40 064 976
Net profit for the period /year	(16)	304 092 153	487 752 080
Total equity (parent company)		**2 872 963 871**	**2 970 648 730**
Non-controlling rights		**2 566 672**	**2 820 166**
Total equity		**2 875 530 543**	**2 973 468 896**
Non-Current Liabilities			
long term loans	(17)	345 541 166	279 638 056
long term credit facilities	(18)	154 317 402	249 427 444
Lease liability – short term	(19)	1 967 017	--
Deferred tax	(20)	71 389 937	71 844 662
Total non-current liabilities		573 215 522	**600 910 162**
CURRENT LIABILITIES			
Provisions	(21)	94 801 262	73 785 303
credit bank (facilities)	(22)	1 750 588 513	1 219 165 622
Suppliers and note payable	(23)	116 108 333	75 445 425
Dividends	(24)	163 432 430	--
Creditors and other credit balances	(25)	125 224 840	181 495 527
Accured Income tax	(26)	185 299 418	110 617 369
Lease liability – Long term		1 065 885	--
Total current liabilities		**2 436 520 681**	**1 660 509 246**
Total Liabilities &Equity		**5 885 266 746**	**5 234 888 304**

- The accompanying notes are an integral part of these financial statements.
- Limited review report.

Chairman and Managing Director
Dr. Ahmed Saeed Mohammed Kilani

Chief financial officer
Mohamed Hassan Ibrahim

A-Kilani

Translation of Financial Statements
Originally Issued in Arabic

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EIPICO
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED JUNE 30, 2022

(Amounts expressed in LE)

	Note No.	30/06/2022 L.E	30/06/2021 L.E
Sales Revenue	(27)	1 734 039 164	1 548 094 341
Cost of sales	(28)	(966 909 489)	(875 361 755)
Gross profit		**767 129 675**	**672 732 586**
Marketing expenses	(29)	(265 192 209)	(211 901 684)
Research and development expenses	(30)	(22 600 923)	(14 072 408)
General and Administrative expenses	(31)	(60 768 809)	(42 732 867)
Board of Directors allowances		(1 093 380)	(927 000)
Financing expenses	(32)	(83 316 590)	(86 036 090)
Formed provisions	(33)	(62 000 000)	(32 000 000)
Total Expenses		**(494 971 911)**	**(387 670 049)**
Add:-			
Profits of related companies	(35)	25 790 413	8 845 383
credit interest		9 059 241	19 563 514
		34 849 654	**28 408 897**
Add/(Deduct):-			
Capital gain		507 904	818 524
Differences on foreign currency valuation		81 618 707	(2 487 688)
Other income		3 761 177	2 577 025
Net profit for the period before taxes		**392 895 206**	**314 379 295**
Income tax	(20)	(84 427 566)	(70 107 057)
Deferred tax	(20)	454 725	(4 094 486)
Takaful Contribution	(34)	(4 540 513)	(3 929 125)
Profit for the period after tax		**304 381 852**	**236 248 627**
Distributed as follows:			
Profits of the holding company		283 257 628	210 470 951
The share of the holding company from the subsidiary company		20 834 506	25 424 161
The share of the holding company from the profits of the subsidiary company		289 718	353 515
		304 381 852	236 248 627

- The accompanying notes are an integral part of these financial statements.

Chairman and Managing Director	**Chief financial officer**
Dr. Ahmed Saeed Mohammed Kilani	**Mohamed Hassan Ibrahim**

A. Kela

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDDUSTRIES - EIPICO
CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2022
(Amounts expressed in LE)

	30/06/2022 L.E	30/06/2021 L.E
Profit of the period	304 381 852	236 248 627
Differences on foreign currency valuation	--	--
Adjustments on joint venture share	--	--
Total of comprehensive income of the period	**304 381 852**	**236 248 627**

- The accompanying notes are an integral part of these financial statements.

Chairman and Managing Director	**Chief financial officer**
Dr. Ahmed Saeed Mohammed Kilani	**Mohamed Hassan Ibrahim**

Translation of Financial Statements
Originally Issued in Arabic

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EIPICO

CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' EQUITY FOR THE FOR THE PERIOD ENDED JUNE 30, 2022

(Amounts expressed in LE)

Description	Paid -up Capital	Capital "Treasury Shares"	Legal Reserve	General Reserve	Capital Reserve	Expansions Reserve	Retained Earning	Total equity of the holding company	Non-controlling rights	Total
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Balance as of January 1, 2021	**991 705 000**	**(89 863 280)**	**319 202 804**	**260 444 053**	**20 160 435**	**851 659 000**	**490 628 374**	**2 843 936 386**	**2 884 069**	**2 846 820 455**
Retained earnings	--	--	--	--	--	--	(348 148 778)	(348 148 778)	(884 466)	**(349 003 244)**
Transferred to reserves	--	--	24 354 599	17 753 148	60 000 000	--	(102 107 747)	--	295 107	**295 107**
Adjustments 2021	--	89 863 280	--	(102 447 365)	--	--	(306 873)	(12 890 958)	(7 846)	**(12 898 804)**
Net profit of 2021	--	--	--	--	--	--	487 752 080	487 752 080	533 302	**488 285 382**
Balance as of December 31, 2021	**991 705 000**	--	**343 557 403**	**175 749 836**	**80 160 435**	**851 659 000**	**527 817 056**	**2 970 648 730**	**2 820 166**	**2 973 468 896**
Balance as of January 1, 2022	**991 705 000**	--	**343 557 403**	**175 749 836**	**80 160 435**	**851 659 000**	**527 817 056**	**2 970 648 730**	**2 820 166**	**2 973 468 896**
Retained earnings	--	--	--	--	--	--	(388 202 374)	(388 202 374)	(407 992)	(388 610 366)
Adjustments of 2022	--	--	26 113 604	(4 354 946)	30 000 000	--	(51 758 658)	--	26 664	26 664
Transferred to reserves	--	--	--	--	--	--	(13 574 638)	(13 574 638)	(161 864)	(13 736 502)
Net profit of 2022	--	--	--	--	--	--	304 092 153	304 092 153	289 698	304 381 851
Balance as of June 30, 2022	**991 705 000**	--	**369 671 007**	**171 394 890**	**110 160 435**	**851 659 000**	**378 373 539**	**2 872 963 871**	**2 566 672**	**2 875 530 543**

- The accompanying notes are an integral part of these financial statements.

Chairman and Managing Director

Dr. Ahmed Saeed Mohammed Kilani

Chief financial officer

Mohamed Hassan Ibrahim

Translation of Financial Statements
Originally Issued in Arabic

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EIPICO
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED JUNE 30, 2022

(Amounts expressed in LE)

	30/06/2022 L.E	30/06/2021 L.E
Cash flows from operating activities:		
Net profit for the period before tax	392 895 206	348 899 296
Adjustments:		
Fixed assets depreciation	48 499 011	67 979 812
Amortization of right of use assets	965 642	--
Formed provisions	29 498 077	7 234 530
Amortization of intangable assets	49 656	--
Credit interest	(8 489 486)	(15 171 550)
Profits of subsidiaries and related companies	(12 510 120)	(43 365 383)
Revaluatiom if Investments	(13 280 293)	--
Financing expenses	66 512 325	67 364 167
Capital gain	(507 904)	(818 524)
Differences on foreign currency valuation	(81 618 707)	2 487 688
Adjustments Retained earnings	--	--
Other income	(2 107 885)	(33 839)
	419 905 522	**434 576 197**
Change in account and notes receivables and other debit balances	(130 647 018)	(321 490 933)
Change in inventory	(195 850 120)	(60 337 755)
Change in suppliers and notes payables and other credit balances	(34 968 481)	(119 939 754)
Change in Other income	2 107 885	33 839
Payment for leasing contracts	(1 097 042)	--
Financing expense	(66 512 325)	(67 364 167)
Payments tax	(25 901 049)	(29 528 854)
Net cash flows from (used in) operating activities	**(32 962 628)**	**(164 051 427)**
Cash flows from investment activities:		
(Payments) for purchase fixed assets and projects under constructions	(136 598 441)	(103 038 502)
Proceeds from the sale of fixed assets	556 500	818 524
Investments	12 510 120	43 365 383
Credit interest	8 489 486	15 171 550
Net cash flows (used in) investment activities	**(115 042 335)**	**(43 683 045)**
Cash flows from financing activities:		
Capital (treasury shares)	--	67 561 715
Dividends	(229 569 436)	(381 627 782)
Cash in loans	531 422 891	32 830 104
Cash out loan and change facilities	(29 206 932)	--
Cash flows (used in) financing activities	**272 646 523**	**(281 235 963)**
Net change in cash and cash equivalents during the period	124 641 560	(488 970 435)
Cash and cash equivalents at the beginning of the period	311 587 051	732 754 061
Differences on foreign currency valuation	81 618 707	(2 487 688)
Cash and cash equivalents at the end of the period	**517 847 318**	**241 295 938**

- The accompanying notes are an integral part of these financial statements

Chairman and Managing Director — **Dr. Ahmed Saeed Mohammed Kilani**

Chief financial officer — **Mohamed Hassan Ibrahim**

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDDUSTRIES - EIPICO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2022

1 BACKGROUND ABOUT SUBSIDARIES COMPANIES

The Egyptian International Company for Ampoules (EIACO)
The company was established in accordance with the provisions of Investment Law No. (8) and its executive regulations for the purpose of manufacturing pharmaceutical ampoules.

2 THE MOST IMPORTANT ACCOUNTING POLICIES
2.1 BASIS OF PREPARING CONSOLIDATED FINANCIAL STATEMENTS:

The consolidated financial statements of the Egyptian International Pharmaceutical Industries were prepared from the independent financial statements of the Egyptian International Pharmaceutical Industries and its subsidiary company - the Egyptian International Company for Ampoules (EIACO) - and the company's contribution to it was 98.63%, and the rest was 1.37% by other shareholders.

1/3- The financial statements are prepared in accordance with Egyptian accounting standards and in light of the relevant Egyptian laws and regulations.

The financial statements are prepared using the historical cost basis and in according to Going concern assumption.

Accounting Estimates

The preparation of financial statements in accordance with Egyptian accounting standards requires that the best assumptions and estimates made by management be relied upon and what it deems appropriate to develop and apply accounting policies to reflect the economic substance and content of the transactions that are carried out and related to the company's underlying activity (current activity income, asset impairment, deferred taxes, fair value of financial instruments), and therefore those estimates and assumptions made in the light of the best data and information available to management may directly affect revenue values and costs. Related to these estimates and the values of the assets and related obligations in the event that the estimates set at the date of the preparation of the lists differ from the actual reality in the following financial periods, without compromising the extent to which the financial statements express the reality of the company's financial position and cash flows for the current period

CONSLIDATION PROCEDURE

The consolidated financial statements are prepared by compiling the financial statements of the Egyptian Pharmaceutical Company for Pharmaceutical Industries with the financial statements of the subsidiaries in detail by compiling similar items of assets, liabilities, equity, revenues and expenses in order to present the consolidated financial statements financial information about the group as if it were a single entity and following the following steps when preparing the financial statements bundled:

-The book value of the holding company's investment in each subsidiary company is disposal with the holding company's share of equity in each subsidiary company.

- The rights of the non-controlling interest are determined in the net profit/loss of the subsidiaries.

- The rights of the non-controlling interest in the net assets of the consolidated subsidiaries are determined and presented in the financial statements independent of the equity of the shareholders of the parent company.

- Balances resulting from transactions exchanged between group companies as well as group transactions, including income (sales), expenses and dividends, are completely excluded, and profits or losses resulting from group transactions are completely excluded.

- Consolidated financial statements are prepared using uniform accounting policies for similar transactions and for events in the same circumstances.

-The distribution of the acquisition cost (investment cost) has been proven on the basis of the book cost of the assets and liabilities of the subsidiaries and not the fair value of those assets and liabilities, and what increased the acquisition cost over the parent company’s share in the book value of the net assets of the subsidiary was recorded in the company’s retained earnings (losses). Holding.

3 MEASUREMENT CURRENCY AND TRANSLATION OF TRANSACTIONS IN FOREIGN CURRENCIES.

(a) Measurement currency

The financial statements are presented in Egyptian pounds, which is the company's measurement currency.

(B) Translation of foreign currency transactions

Asset balances and liabilities of a monetary nature in foreign currencies are assessed on the date of preparation of financial statements in accordance with the exchange rates prevailing within the free market for foreign exchange on that date, with the remeasure output included in the income list.

3.1 Fixed assets and depreciation

Fixed assets are recorded at their historical cost - the cost of acquisition - and the asset shall be depreciated when available for use, i.e., when the asset becomes effectively operational in the manner specified by management.

-The gain or loss resulting from the disposal of fixed assets is recognized in the income statement.
-The capitalization of expenses depends on the carrying amount of the asset when the asset reaches the location and condition in which it was acquired and capable of operating in the manner intended by the administration.
-Subsequent expenses are added to the book value of the asset or recognized separately - as the case may be - only when the use of this item is likely to bring future economic benefits to the Company, and the acquisition cost of this item can be measured with a high degree of accuracy, and repair and maintenance expenses are charged with the income list for the fiscal year during which those expenses were incurred.
The remainder of the productive and expected age of the assets is periodically reviewed and if the remainder of the expected productive life differs substantially from the basic estimate, the net book value is depreciated on the remaining productive life after adjustment.
In addition to recalculating the depreciation premium after deducting the impairment value of the net asset value over the remaining productive life, the depreciation value should be recalculated if the impairment is refunded as if the impairment had not been calculated before.

Subsequent expenses on asset acquisition

The main components of some fixed assets may need to be replaced at time intervals and these key components are treated as separate fixed assets because their productive life is different from the estimated production age of the underlying asset and therefore if these assets meet the terms of recognition of the asset, the use of this asset is likely to bring future economic benefits to the enterprise and the enterprise can measure the cost of acquiring the asset with a high degree of accuracy.
Expenses that occur to replace or renew asset components can be accounted for when acquired as new assets and the value of replaced or renewed assets is excluded from accounting records and books.
Subsequent expenditures on the acquisition are capitalized only if it is expected that it will result in an outflow of future economic benefit to the company.

Depreciation

The depreciable fixed asset value - which is the cost of the asset minus its residual value, is depreciated according to the straight-line method over the estimated useful life of each type of fixed asset, and the depreciation is charged to the income statement (land is not depreciated) and the following is a statement of ages Estimated productivity:

Asset Description	Estimated Life in Years
Administration Buildings & Structures	50
Factory Buildings & Structures	50
Production activity machines	15
Service machines & Utilities	15
Means of Transportation	5
Tools	5
Office Furniture &Equipment	10

The depreciation method, useful lives and residual values of fixed assets are reviewed at the end of each financial period, and adjusted if necessary.
The cost of replacing a component of a fixed asset is recognized within the cost of the asset after excluding the cost of that component when the company incurs that cost, if it is probable that future economic benefits will flow to the company as a result of such replacement, provided that its cost can be accurately measured. The future economic benefits of fixed assets, and all other expenses are recognized in the income statement as an expense when incurred.

3.2 Intangible Assets

They are the assets that the company controls and from which future economic benefits are expected to flow. These assets result from costs incurred to acquire intangible assets in the event that there is a high degree of certainty that the economic benefits will be realized.
The cost of an intangible asset includes its purchase costs or direct and indirect costs related to preparing the intangible asset for use in the purpose for which it was acquired. It has a specific useful life to verify impairment by comparing the recoverable amount to the book value annually, as well as when there is an indication of impairment of the value of the intangible asset, and any increase in the book value over the recoverable value is recognized as an impairment loss in the income statement.

3.3 Projects under construction:

All costs incurred by the Company in establishing fixed assets in building projects are proven under implementation and when the completion of the asset is completed, it is ready for use for the purpose for which the costs are converted to the fixed asset line.

3.4 Leasing contracts

Egyptian Accounting standard (49) replaces Egyptian Accounting Standard No (20) rules and standards related to financial leasing operations.

2/3- Lease Contract Obligations

At the commencement date of the lease , the company measures the lease liability at the present value of the unpaid lease payments on that date using the implicit interest rate in the lease contract , if the rate can be easily determined and other than that by using the interest rate on the company 's additional borrowing and then later the company increases the carrying amount of the obligation to reflect the interest of the lease commitment and the note book is reduced to reflect payments.

3/3- Right of use assets

The company recognizes right of use assets on the start date of the lease contract with the initial measurement amount of the lease in addition to the initial direct expenses , the advance payments paid to lessor and the lease incentives received from the lessor (if any) are subtracted and added the costs incurred by the company in dismantling and removing the assets and returning the site where the assets were kept to it's original condition or return the assets to the required condition in accordance with the terms and conditions of the lease.

After the starting date of the lease, the company measures the Right-of-use asset at cost less any cumulative impairment losses and accumulated depreciation, adjusted as a result of any re-assessment of the lease obligations. The right of use asset is depreciated from the starting date of the lease contract until the end of the useful life of the asset, if the lease contract transfers the ownership of the underlying asset to the company at the end of the lease term or if the company will exercise the purchase option. Otherwise, the company consumes the right of use asset from the starting date of the lease contract to the end of the useful life of the right of use asset or the end of the lease term, whichever earlier.
The company chose not to apply the requirements of the standard to the short-term lease contracts and to contacts in which the underlying asset has a small value.

4/3- The Company as lessee

The Egyptian accounting standard No 49 provides the lessee with an accounting model , where the lessee recognizes the right to use the leased asset within the company's assets also recognizes the liability which presents the present value of the unpaid lease payments within the company's obligations , bearing in mind that the lease contracts for the lessee is not classified as an operating lease contract or financing lease contract and there are optional exemptions for short term lease contracts and lease contracts for low value assets.

5/3- The Company as lessor

The lessor must classify each of its lease contracts either as an operating lease or as a finance lease contract. A lease contract is classified as a finance lease contract if it essentially transfers nearly all the risks and benefits resulted from owning the assets listed in the contract. A lease contract is classified as an operating lease contract if it essentially transfers nearly all the risks and benefits resulted from owning the assets listed in the contract.

6/3- Finance lease

The lessor must recognize the assets held under finance lease in the statement of financial position and present them as amounts that are receivable in an amount equal to the net investments in the contract.
And the company use the interest rate implicit in the lease contract to measure the net investments in the contract. The rent payments listed in measuring the net investments in the contract consists of payments arising from the right to use the underlying asset during the lease term that have not been received at the start of the contract. The company recognizes finance income over the term of the lease, on a pattern that reflects a constant periodic rate of return of the lessor's net investments.

7/3- Operating lease

The lessor shall recognize lease payments from operating lease contracts as an income either by straight line method or in any organized method.

3.5 Investments in subsidiaries

Investments are included in companies in which the company owns a significant percentage of the capital shares of those companies, which enable it to achieve control or control through financial and administrative influence or according to the criterion of the share ratio, and the right to vote within investments in subsidiaries, where those investments prove the cost - the cost of acquisition - at the date of issuance of the purchase order, and the cost of those investments is reduced by the value of the non-temporary decrease - if any - load on the income list for each investment individually.

3.6 Investments in related companies

Sister companies are those on which the Group exerts great influence. The big impact is the company's ability to participate in the financial and operational decisions of the company invested in it, but it is not a common control or control over these policies.
Investments in sister companies are proven at cost, and in the event of a permanent decrease in the value of those investments, the book value is adjusted for this decrease and uploaded to the income statement for each investment individually.

The following is a list of the group's sister companies:

	Contribution Nature	Contribution Percentage
EIPICO Tech Pharmaceutical Company (under liquidation)	Direct	98.6%

The results of the assets and obligations of sister companies are included in these financial statements using the equity method under which the investment in the sister company is recorded at cost in the list of financial position and the cost is then adjusted so that the company's share in the profit or loss and other comprehensive income of the sister company is recorded. When the company's share in the sister company's losses exceeds its ownership (which includes any long-term ownership that forms part of the company's net investment in the sister company), the company ceases to recognize its share of the additional losses and record additional losses only to the extent that the company incurs legal or contractual obligations or makes payments on behalf of the sister company. If the sister company subsequently registers profits, the company registers its share of these profits only when its share of the profits is equal to its share of the recognized losses.

8/3- Non-current assets held for sale

Assets held for sale are assets whose book value is expected to be recovered mainly from a sale and not continued to be used, with the probability of selling the asset high through a plan to sell and market the asset, and the non-current assets held for sale are measured on the basis of the book value of those assets and the loading of the income list of losses resulting from the impairment of those assets, if any.

3.7 Financial investments at fair value through profit and loss

Investments at fair value through profit or loss are financial assets classified either as assets held for trading purposes and acquired for the purpose of selling in a short period of time, or financial assets that were classified upon initial recognition of fair value through profit or loss, and the initial recognition of those investments at fair value Through profits or losses at fair value, and investments are re-measured at fair value through profits or losses at fair value, and gains and (losses) of fair value differences are recognized in the consolidated- income statement.

3.8 Revenue Recognition

Egyptian accounting standard no.48 replaces Egyptian accounting standard no.8 "construction contracts " and Egyptian standard no.11 " revenue ". the standard is applied on or after January 1, 2021 and the new revenue standard has introduced a five step model based on accounting principles regarding Egyptian accounting standard No. (48) replaces Egyptian accounting standard No. (8) Construction Contracts" and Egyptian Accounting Standard No. (11") Revenues " The standard applies on or after January 1, 2021, and the new revenue standard has introduced a five-step model based on accounting principles on revenue recognition when the control of goods is transferred to or the services are provided to the customer :

1. Determine the contracts concluded with customers, whether verbally, or in writing or in accordance with standard business practices.
2. Determine performance obligations in the contract both for goods and services that will be transferred.
3. Determine the price of the transaction and the terms of payment for the goods or services that will be transferred.
4. The contract has a commercial content.
5. The company is likely to collect the amounts due for goods or services transferred to the customer.
6. The standard requires enterprises to exercise an accounting assessment taking into account all relevant facts and circumstances when applying each step of the model to contracts conclude with their customers. The standard also determines how additional costs for obtaining a contract are accounted for and costs directly related to the fulfilment of the contract.

The standard requires enterprises to exercise an accounting assessment taking into account all relevant facts and circumstances when applying each step of the model to contracts conclude with their customers. The standard also determines how additional costs for obtaining a contract are accounted for and costs directly related to the fulfilment of the contract.

3.9 Financial Instruments

The application of Egyptian Accounting Standard No. 47 Financial Instruments as of January 1, 2021, led to changes in accounting policies and resulted in adjustments to the amounts recognized in the financial statements as of December 31, 2020. The balances of profits were influenced by the opening phase on January 1, 2021.

Egyptian Accounting Standard No. 47 defines financial instruments as requirements for verifying and measuring financial assets, financial obligations and certain non-financial contracts except for rights and obligations under lease contracts to which Egyptian Accounting Standard No. 49 "Lease contracts" applies. However, the debtor's lease liabilities recognized by the lessor are subject to the requirements of de-recognition and depreciation in accordance with this standard, which replaces the Egyptian accounting standard no. 29 "financial instruments - recognition and measurement"

9/3- Initial recognition

The Company initially recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the financial instruments

10/3- Classification and measurement of financial assets and financial obligations.

Egyptian Accounting Standard 47 Financial Instruments contains three main financial asset classification categories measured by consumable cost, fair value through other comprehensive income and fair value through profits or losses. The classification of financial assets under Egyptian accounting standard No. 47 financial instruments" generally depends on the business model in which the financial asset is managed and its contractual cash flow characteristics.

Egyptian Accounting Standard No. 47 eliminates financial instruments" Egyptian accounting standard No. 29 Financial Instruments - Recognition and Measurement" previously held up to maturity, loans and debits available for sale.

However, Egyptian accounting standard 47 Financial Instruments largely retains the current requirements in The Egyptian Accounting Standard No. 29 Financial Instruments - Recognition and Measurement" for the classification and measurement of financial obligations.

They are classified as follows:

11/3- Financial assets at consumable cost

The financial asset is kept within the business model of the financial assets held to collect contractual cash flows. The purpose of the business model is to retain the financial assets to collect the pure contractual flows that are presented in the principal amount of the investment and returns. The sale is an exceptional incidental concern for the purpose of this model and under the conditions set out in the standard of a deterioration in the credit capacity of the financial management source. Lowest sales in terms of cyclicality and value. A clear and reliable documentation process should be carried out for the justifications of each sale and its compatibility with the requirements of the standard

12/3- Financial assets at fair value through comprehensive income

The financial asset is retained within the business model of the financial assets held to collect contractual cash flows and sell, both contractual cash flow collection and sale are integrated to achieve the model objective. Sales are high in cyclicality and value compared to the retained business model to load contractual cash flows.

13/3- Financial assets at fair value through profits and losses

The financial asset is retained among other business models that include trading, managing financial assets on a fair value basis, maximizing cash flows by sale. The objective of the business model is not to retain the financial asset, collect contractual cash flows or hold it to collect contractual cash flows and sell, collect contractual cash flows as an incidental event for the model objective.

14/3- Business Model Assessment

The company evaluates the business model in which the asset is held at the portfolio level because this best reflects the way the business is managed and information is provided to management, including the information being considered:

Policies and stated objectives of the portfolio and the mechanism of operation of such policies in practice, particularly to see whether the management strategy is based on the earning of contractual interest income or a competition for financial assets extending the financial obligations that finance those assets or achieving cash flows through the sale of assets

How to evaluate the performance of the portfolio and report to the management of the company;

Risks affecting the performance of the business model and the financial assets held in this business model and how these risks are managed.

The number of transactions, volume and timing of sales in previous periods, the reasons for these sales and their expectations for future sales activity. However, information on sales activity is not considered separately but is part of a comprehensive assessment of how the company's stated goal of managing financial assets is achieved and how to achieve cash flows.

Financial assets held for trading or whose performance is assessed on a fair value basis are measured at fair value by profits and losses because they are not held to collect contractual cash flows only and are not held to collect contractual cash flows with the sale of financial assets.

15/3- Impairment of assets

Egyptian Accounting Standard 47 for financial instruments replaces the loss model incurred in The Egyptian Accounting Standard No. 29 for Financial Instruments - Recognition and Measurement with the "Expected Credit Losses" (ECL) model. The new impairment model applies to financial assets measured by the cost consumed and customers.

For customer debts that have decreased in value, the expected credit losses are estimated as the difference between all contractual cash flows due to the Company in accordance with the contract and all cash flows that the Company expects to receive, less the principle of the actual interest rate in accordance with the contract.

Expected credit losses in a weighted estimate of credit losses. Taken into account the expected cash flows, the probability of stumbles and the loss rate at the time of stumble (i.e., the size of the loss if there is a stumble) the relevant assessment is based on historical delay data adjusted by specific customer factors and future information that includes macroeconomic factors.

The company determines the values that are subjected to credit losses based on the number of days delayed that are determined to be a risk-loss forecast in accordance with Egyptian Accounting Standard No 47 Financial Instruments.

The expected affiliated losses determinants result in three scenarios (probability of stumble - value exposed to expected credit losses - loss rate at stumble).

Weighted expected credit losses are calculated at three basic levels - the best - worst for all three stages (12 months and expected credit loss over a lifetime).

Customer indebtedness (either partially or entirely) is written off when there is no reasonable expectation of recovering the entire financial asset or part of it. This is generally the case when the company decides that the lessee has no assets or sources of income that can generate sufficient cash flows to pay off the amounts subject to write-off.

This assessment is made at an individual level for each client. Previously written-off refunds are included in the Financial Instrument Impairment Loss in the statement of profit, losses and other comprehensive income.

The financial assets that have been written off may remain subject to legal procedures in accordance with the company's procedures for recovering the amounts due.

A three-stage approach is applied to measure projected credit losses with consumable cost and debt instruments at fair value through other comprehensive income. The assets go through the following three stages based on the change in the quality of credit since their first recognition as follows:

Phase 1: Expected credit loss over 12 months

The first phase includes financial assets at the initial recognition that do not involve a substantial increase in the credit risk from the first recognition or involve relatively low credit risk. For these assets, expected credit losses are recognized over 12 months and interest is calculated on the total book value of the assets (without the credit allocation discount). The expected 11-month losses are projected credit losses that may result from potential failures within 12 months after the date of the financial statements.

Phase 2: Life-long expected credit loss - with no impairment

Includes financial assets with a substantial increase in credit risk from the initial recognition, but there is no objective evidence of impairment, and expected lifetime loss of assets is recognized, but the interest still being calculated on the total book value of the assets. Life-long credit loss in projected credit losses resulting from all possible failures over the life expectancy of the financial instrument.

Phase 3: Life-long expected credit loss - credit impairment

includes financial assets with objective evidence of impairment in the history of financial statements for these assets, and life-long losses are recognized.

16/3- Non-Financial Assets

The book values of the company's non-financial assets other than deferred tax assets are reviewed on the date of financial statements to determine whether there is an impairment indicator. Impairment loss is recognized if the book value of the asset or its cash-generating unit exceeds its recovery value. The cash-generating unit is the smallest identifiable set of assets that generate inward cash flows and are largely independent of cash flows from other assets or asset groups. The loss of impairment is recognized in the income statement.

The recovery value of the asset or unit generating cash is its usage value or fair value, minus the sales costs, whichever is larger.

Impairment losses recognized in previous periods of other assets are reviewed in the financial statements 's history. If there are indications of a decrease or absence of loss. The impact of impairment losses is reversed within limits where the book value of the asset does not exceed

Its value that would have been determined (after depreciation) if the loss of impairment hasn't been recognized.

The company relies on calculating the decrease in value based on a detailed balance and forecast calculations, which are prepared separately for each cash generating unit of the company where the individual asset is allocated covering the financial statements forecasts usually a period of one to five years, the long-term growth rate is calculated and applied to the future cash flows of the project after the fifth year.

Impairment losses are included in the independent comprehensive income statement among expenses that are correspond to the low-value asset function.

17/3- <u>De-Recognition of Financial Assets</u>

The company only cancels the recording of financial asset when:

The expiration of contractual rights in the cash flows of the financial asset.

The transfer of contractual rights in receiving cash flows from the financial asset and transfer approximately all risks and rewards of ownership of the high asset, or maintaining contractual rights to receive cash flows from the financial asset with a contractual obligation to pay cash flows to one or more recipients and transfer approximately all risks and rewards of ownership of the financial asset.

The transfer of contractual rights to receive cash flows from the financial asset without transferring or meeting approximately all risks and rewards for ownership of the financial asset if it has not retained control of the financial asset. Or maintaining contractual rights to receive cash flows from the financial asset, with a contractual obligation to pay cash flows to one or more recipients without transferring or to maintain approximately all risks and rewards for ownership of the financial asset if they have not maintained control of the financial asset.

When derecognizing the financial asset, the difference between the book value (measured on the date of cancellation)

The corresponding recipient (including any new asset obtained minus any new obligation that has been borne) is recorded in the income statement.

18/3- <u>Financial Obligations</u>

Financial obligations when it's first recorded are classified at fair value through profit or loss and the costs of direct transaction are recorded in the profit, loss and other comprehensive income statement when incurred. Financial obligations are measured at fair value through profits or losses at fair value and changes including any interest allowance are recorded in profit or loss and other comprehensive income non-derivative financial obligations are measured initially at fair value minus any direct transaction costs subsequent to the initial record of the obligation, which are measured at the cost consumed using the actual interest rate.

19/3- <u>Classification And Subsequent Measurement</u>

The Company categorizes all financial obligations as subsequently measured by the cost consumed except financial obligations at fair value through the profit, loss and other comprehensive income statement - financial obligations established when transferring an ineligible financial asset for exclusion or when applying the continuous participation method.

20/3- Financial Guarantee Contracts

All financial obligations of the Company are subsequently carried out at the cost consumed using the actual interest rate, the cost consumed is calculated by taking into account any discount or in addition to acquisition, fees or costs that are great parts of the actual interest rate and the actual interest rate is included as financing costs in case of profit or loss.

21/3- De-recognition of financial obligations

The recording of financial obligations is cancelled when contractual obligations are paid, cancelled or expired, and when an existing financial obligation is replaced by another lender on completely different terms, or when the terms of a current obligation are fundamentally adjusted, such replacement or modification is treated as cancellation under the original financial obligation with the recording of the new obligation, the difference between the relevant book value in the statement of profit or loss and other comprehensive income is established.

22/3- Clearing financial instruments

Assets and financial obligations are cleared and net positioned on the financial position list when there is a binding statutory right to settle the fixed amounts and when there is an intention to settle assets with net obligations in order to sell assets and pay off obligations simultaneously.

3.10 Financial Instruments and Risk Management

23/3- Fair Value of Financial Instruments

The company's financial instruments represent financial assets and obligations and financial assets include bank and customer cash balances and some accounts owed, as well as financial obligations include suppliers, some creditors, credit accounts, loans and advances.

According to the valuation grounds used to evaluate the company's assets and obligations contained in the complementary statements of financial statements, the fair value of the financial instruments is not materially different from its book value at the date of preparation of financial statements.

24/3- Credit risk

The risk of credit is that the customers granted credit are unable to pay their dues, and this risk is limited as the company distributes credit risk to a multiple quality of customers consisting of a large number of reputable customers besides legal arrangements and documents when executing the transaction minimize the risk of credit.

25/3- Liquidity risk

Prudent liquidity risk management requires maintaining a sufficient level of cash and providing financing through sufficient amounts of available credit facilities and due to the dynamic nature of the core activities, the company's management aims to maintain flexibility in financing by maintaining enhanced credit lines available.

26/3- Foreign exchange risk

The risk of foreign exchange is exchange rate changes that affect foreign exchange receipts and payments as well as the valuation of foreign currency assets and obligations.

27/3- Interest rate risk

The risk of interest is a change in interest rates that may have an impact on business results, and this risk is limited as the loans and credit facilities granted to the company at a fixed interest rate.

3.11 Capital management Risk

The company's policy with regard to capital management is to maintain a strong capital base to maintain equity, creditors and market confidence as well as the continued development of the company's activity in the future and to maintain the best structure for total investment.

3.12 Expense

All procurement and sales expenses, including general and administrative expenses, are recognized in accordance with the basis of maturity.

3.13 Income Tax

Current tax and deferred tax are recognized as revenue or as an expense in period profits or losses, except in cases where the tax arises from a process or event recognized - in the same period or in a different period - outside profits or losses either in other comprehensive income or within the rights of partners directly or grouping businesses

28/3- Current income taxes

Current taxes are recognized for the current period and previous periods that have not yet been paid as a liability, but if taxes already paid in the current period and previous periods exceed the value due for these periods, this increase is recognized as an asset. Current tax liability values for the current period and previous periods are measured by the expected value of their return from tax administration, using tax rates or applicable tax laws or in the process of being issued at the end of the financial period.

29/3- Deferred Income Taxes

Deferred tax is recognized for temporary differences between the accounting basis of assets and liabilities and the tax basis of those assets and liabilities. Deferred tax is recognized for all temporary differences expected to be taxed except for the following:

First recognition of the asset or practical obligation that does not affect net accounting profit or tax profit (tax loss: temporary differences associated with investments in subsidiaries and sister companies and shares in joint ventures to the long term in which the timing of the reversal of those temporary differences can be controlled and it is likely that such differences will not be reversed in the foreseeable future

The tax asset arising from the deportation of tax losses, the right to unused tax deduction and temporary deductible differences is recognized when there is a strong possibility that taxable profits can be made in the future through which the asset can be used. Future tax profit is determined by the company's future business plan. The location of unrecognized deferred tax assets is revalued at the end of each financial period and recognizes previously unrecognized deferred tax assets to the extent to which a tax profit is likely in the future to accommodate the value of the deferred tax asset. Deferred tax is measured using tax rates expected to be applied when temporary differences are achieved using applicable or in the process of issuing tax rates

- when measuring deferred tax at the end of the financial period, the tax effects of the company's procedures for recovery or payment of the book value of its assets and obligations are taken into account.

No clearing of tax assets and obligations is made unless certain conditions are met

Deferred tax assets of the facility are recognized when there is a strong possibility that taxable profits can be made in the future through which this asset can be used and the value of deferred tax assets is reduced by the value of the portion from which the expected tax benefit will not be realized in the following years.

3.14 Accounts Receivable, Debtors and other Debt Balances

Account receivable, debtors and other debit balances are recorded in the name value deducting any doubtful amounts which estimated at the end of the year when not probably collected the full amount, also decreasing customer's value and debtors value when definite the poor debts, and other debit balances recorded in the cost deducting the impairment losses value.

3.15 Reserves

30/3- Legal Reserve

According to the company's articles of association, 5% of the net profit is set aside to form a legal reserve. This percentage is stopped to be set aside if this reserve reaches 100% of the paid-up capital, and when the reserve is short, it is necessary to return to the deduction.

31/3- Investment projects financing reserve

Formed according to what was stated in the company's articles of association Article (52) Clause (5) and carried forward on the proposal of the Board of Directors to the next year or allocated to the creation of reserve money or money for extraordinary consumption

32/3- General Reserve

It shall be in accordance with Article (52) Clause (5) of the Articles of Association and this reserve is general to provide the company's self-financing to be invested in its various aspects of its activities, which leads to an increase in the company's working capital and the

33/3- Capital reserves

It represents the capital reserve and is formed by the value of the profits resulting from the sale of any fixed asset or compensation for it for more than its book value.

34/3- other reserves

The general assembly may, upon the proposal of the Board of Directors, create other reserves

3.16 Creditors and other credit accounts

Creditors and other credit accounts are proven at face value and obligations (receivables) are recognized in future values for goods and services received.

3.17 Borrowing and credit facilities

35/3- Borrowing cost borrowing

- The initial recognition of the loans and credit facilities obtained by the company at fair value less the cost of the transaction, and these loans and facilities are subsequently measured by the cost consumed, with the income list recognized by the difference between cash receipts from loans (less the cost of the transaction) and the value to be repaid on the maturity date over the life of the loan or facilitation using the actual interest method.

36/3- Cost of borrowing

The cost of borrowing is recorded as expenses incurred on the year in which the company incurred this cost and the borrowing costs incurred to finance fixed assets during the construction period are capitalized until the asset is economically ready for use.

37/3- Start capitalization

Start capitalization of the cost of borrowing as part of the cost of the qualifying asset to bear the cost of borrowing when:

-The asset is spent.

-The origin incurred a borrowing cost.

-Activities to prepare the asset for use for its specific purposes or sale to third parties are currently being implemented.

38/3- Capitalization suspension

You should stop capitalizing the cost of borrowing during periods when effective asset construction is disrupted.

39/3- Stop capitalization

-The borrowing cost capitalization process must be completed when all the essential activities necessary to prepare the eligible asset are completed to bear the cost of borrowing for use for its specific purposes or to sell it to third parties.

-When parts of the asset eligible for borrowing are completed and each part can be used as the construction of the rest of the other parts continues, the borrowing cost capitalization of the finished parts should be discontinued as long as all essential activities necessary to prepare these parts are completed for use for specific purposes or for sale to third parties.

3.18 Impairment of assets:

40/3- Financial assets

The book value of company-owned assets - other than inventory and deferred tax assets - is reviewed on budget date to determine whether there are any indications of a decrease in their value and if such indicators exist, studies are prepared to determine the expected recovery value.

If the redemption value of the asset is lower than its book value, the loss of the depreciation of the asset is included as an expense in the income list, after deducting any surplus revaluation previously configured for the same asset, and if the asset's recovery value is higher than its book value, the increase value is added to the shareholders' equity, but after deducting the losses of the decrease of the same asset loaded as an allowance that has already been included in the income list.

41/3- Non-financial assets

The amount of cancellation of asset impairment losses is recognized as income unless the related assets are registered at a revalued value, in which case this cancellation is treated as an increase in the result of the revaluation value.

42/3- Transactions with related parties

The relevant parties are partners, directors and senior management of the company, and also represent companies controlled or jointly controlled or influential influence by those relevant parties, and the pricing terms and policies of transactions with the relevant parties are adopted by the Board of Directors and on the same grounds as dealing with third parties.

3.19 Employee benefits

43/3- Insurance and pension system

The company has one type of pension system, namely the defined contribution system, in which the company pays its subscription to the General Authority for Social Insurance systems on a mandatory basis, and the company has no other obligations once it has paid its obligations, and recognizes the normal contributions as a periodic cost in the year of maturity and is included within the cost of employment.

44/3- Employees' share of profits

According to the company’s articles of association, a percentage of the net profits of the year is allocated for distribution to the company’s employees and workers in accordance with the rules proposed by the company’s board of directors and approved by the general assembly. No obligations are recorded for the employees’ share of profits before the approval of the general assembly.

45/3- End of Service Benefits

The employee’s end-of-service gratuity is due upon reaching the age of referral for the legal pension, and it is disbursed in accordance with the end-of-service gratuity regulation approved by the Board of Directors.

3.20 Amended Egyptian Accounting Standards

Minister of Investment Decision No. (110) of 2015 was issued on July 9, 2015 regarding the issuance of the Egyptian Accounting Standards, to be implemented as of January 1, 2016.

3.21 Other comprehensive income statement

Income and expenses items (including re tab adjustments that are not recognized in profits or losses include the "income list" as required or permitted by other Egyptian accounting standards.

3.22 Total comprehensive income statement

It’s the change in the rights of partners during the year resulting from other transactions and events except changes resulting from transactions with owners as such, and total comprehensive income includes all items of both "profits or losses" and "other.

3.23 -Statement Of Cash Flows

The cash flow list is prepared using the indirect method and includes cash and cash in its judgment on cash balances in the Fund, bank current accounts and short-term deposits.

3.24 Capital common stock

Transaction costs directly related to the issue of ordinary shares are accounted for by deducting from equity, income tax associated with transaction costs related to equity is accounted for in accordance with Egyptian Accounting Standard No. (24) “Income Taxes”.

3.25 Cash and Cash Equivalents:

For the purpose of preparing the statement of cash flows, cash and cash equivalents comprise cash balances of banks, funds and demand deposits, as well as bank overdraft balances payable on demand, which form an integral part of the Company's money management system.

3.26 Dividends

Dividends are established as obligations in the fiscal year in which these distributions are approved by the General Assembly.

3.27 Earnings per share Profit (losses)

The basic share of profits (losses) is calculated by dividing the net profit or (losses) for the year / period by the weighted average number of shares outstanding during the year / period. The list is as if this event had taken place at the beginning of the first financial period to be presented in the submitted financial statements. The employees’ share of profits and the share of the board of directors shall be deducted from the net profit of the year. It is sufficient to show the clarification of the share’s share of profits in the consolidated financial statements only, in application of paragraph No. (4) According to the Egyptian Accounting Standard No. (22).

4 FIXED ASSETS (Net)

Description	Land	Buildings	Machines and equipments	Cars	Tools & equipment's	Furniture	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost as of 1/1/2022	83 186 032	543 663 003	1 442 343 114	**96 555 866**	**89 616 716**	**131 894 755**	**2 387 259 485**
Additions during the period	--	97 811	7 889 436	9 254 126	3 617 605	3 994 110	24 853 088
Disposals during the period	--	--	(522 621)	(65 313)	(252 028)	(554 798)	(1 394 760)
Costs as of 30/6/2022	**83 186 032**	**543 760 814**	**1 449 709 928**	**105 744 678**	**92 982 294**	**135 334 067**	**2 410 717 813**
Accumulated Depreciation at 1/1/2022	--	257 552 777	962 535 968	91 307 526	67 246 252	86 478 335	1 465 120 858
Depreciation of the period	--	4 546 486	32 175 528	1 456 757	3 978 954	6 341 286	48 499 011
Accumulated of Disposals	--	--	(474 025)	(65 313)	(252 028)	(554 798)	(1 346 164)
Accumulated Depreciation at 30/6/2022	**--**	**262 099 263**	**994 237 471**	**92 698 970**	**70 973 178**	**92 264 823**	**1 512 273 705**
Net Cost in 30/6/2022	83 186 032	**281 661 551**	**455 472 457**	**13 045 708**	**22 009 116**	**43 069 244**	**898 444 108**
Net cost in 31/12/2021	**83 186 032**	**286 110 226**	**479 807 146**	**5 248 340**	**22 370 464**	**45 416 417**	**922 138 625**

Fixed assets as of June 30, 2022 include fully depreciated assets and still in use amounting to L.E. 624 605 637 represented as follows:

Description	Land	Buildings	machines and equipments	Cars	Tools & equipments	Furniture	Total
	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.	L.E.
Cost as at 30/6/2022	--	**67 394 468**	**389 264 416**	**84 238 737**	**50 727 674**	**32 980 342**	**624 605 637**

5 RIGHT USE OF ASSETS

	30/06/2022 L.E. Right of use of Buildings
Balance at the beginning of the period	--
Additions during the period	3 703 952
Total cost at the end of the period	**3 703 952**
Total amortization at the beginning of the period	--
Amortization during the period	965 642
Total amortization at the end of the period	965 642
Net cost at the end of the period	**2 738 310**

6 PROJECTS UNDER CONSTRUCTION

	31/12/2021 L.E.	Debit L.E	Credit L.E	30/06/2022 L.E.
Buildings	--	--	--	--
Machines and equipmens	118 522 210	30 263 209	8 528 669	**140 256 750**
Cars	2 760 000	7 139 285	8 517 800	**1 381 485**
Tools & equipments	2 941 503	2 658 249	2 316 354	**3 283 398**
Decoration	13 477 325	879 690	1 724 748	**12 632 267**
SAP program	718 641	9 789 129	68 770	**10 439 000**
Eipico 3	311 422 005	81 326 003	--	**392 748 008**
	449 841 684	**132 055 565**	**21 156 341**	**560 740 908**

- Capitalized interests on machinery and equipment amounted to 952 632 Egyptian pounds.
- According to Resolution No. 1568 of 2022 and adjustment in Egyptian Accounting Standard No. (13) "Effects of Changes in Foreign Exchange Rates," Paragraph No. 7, the re-evaluation of the Qatar National Loan amounted to 51 831 201 Egyptian pounds, and the capitalized interest on the loan amounted to 1 266 827 Egyptian Pound.

7 INTANGIBLE ASSETS:

- The result of revaluation of assets and liabilities and depreciation account arose upon the merger of the Egyptian Company for the Pharmaceutical Packaging Industry in the Egyptian International Company for Pharmaceutical Industries (EIPICO), according to an assessment that took place on 30/9/1999.

- The depreciation for goodwill is calculated based on 5 % annually, and the depreciation was done in full until 30/9/2019.

	30/6/2022	31/12/2021
	L.E.	L.E.
Good will	370 000 000	370 000 000
Deduct:- Amortization	(370 000 000)	(370 000 000)
Program	993 129	1 803 826
Deduct:- Amortization	(49 656)	(1 803 826)
Net	**943 473**	**--**

8 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

	30/6/2022	31/12/2021
	L.E.	L.E.
Investments in subsidiaries		
EIPICO Tech Pharmaceutical Company (under liquidation)	12 330 000	12 330 000
	12 330 000	**12 330 000**

- EIPICO Tech Pharmaceutical Company Under Liquidation:

EIPICO Tech Pharmaceutical Company is a joint stock company established in accordance with the Investment Law No. (8) for the year 1997. The purpose is to manufacture human, veterinary and chemical medicines, diagnostic preparations, serums, special foods, pesticides, cosmetics, detergents, and the manufacture of packaging materials for these products. The Egyptian International Pharmaceutical Industries Company (EIPICO) is the main shareholder. In the capital of this company, it contributes 98.6% and the remaining 1.4% is a contribution from some employees of the EIPICO Pharmaceutical Company. The company (the capital) is represented in the lands for the establishment of the project, and the cash in the Egyptian pound is in the bank.

47/3- The Extraordinary General Assembly of EIPICO Tech met and a decision was taken to liquidate, the liquidator and the auditor for the liquidation were appointed, and measures are being taken by it to liquidate the company .

48/3- EIICO-Tec has not engaged in any activity since its establishment until now. The company's assets are entirely in current assets in the form of cash in banks (current / deposits), which covers the equity of the capital, and accordingly, no impairment provision has been formed for this investment.

	30/6/2022	31/12/2021
	L.E.	L.E.
Investments in associates		
Al-Batterjee Factory for Pharmaceuticals and Medical Supplies in Saudi Arabia	56 057 306	35 900 976
Medical Union Pharmaceuticals	284 058 832	290 934 869
	340 116 138	**326 835 845**

- Al-Batterjee Factory for Pharmaceuticals and Medical Supplies:

The contract was signed with the Saudi side, and the percentage of EIPICO's participation is 30% of the capital, equivalent to 35 900 976 Egyptian pounds, and it was paid in full. The company started its activities as of 2021 in the Kingdom of Saudi Arabia.

-Medical union Pharmaceuticals (MUP):

were purchased 4 780 0000 shares and representing 9.77% of the shares of the Medical union Pharmaceuticals (MUP) Company until 31/12/2019, with a value of 211 167 305

were purchased 112 331 shares from the shares of the of the Medical union Pharmaceuticals (MUP) Company at a price of 4 942 564 pounds, bringing the total number of shares acquired to 4 892 331 shares, at a rate of 10% Of the company's shares,

MUP with a total value of 216 109 869 pounds, until 3/31/2020.

were purchased 1 825 000 shares from the shares of the of the Medical union Pharmaceuticals (MUP) Company at a price of 74 825 000 In subtracting an increase in capital to bring the total investment 290 934 869 pounds In order for EIPICO to retain 10% of the shares of the Medical union Pharmaceuticals (MUP) Company, fully paid until 12/31/2020.

9 INVENTORY:

Inventory as June 30, 2022 represent the following

	30/6/2022 L.E.	31/12/2021 L.E.
Materials	771 994 581	696 408 080
Fuels, oils and engines for operation	1 214 488	1 012 929
Spare Parts	111 982 817	118 003 600
Packing and warping material	369 082 626	357 024 349
Production in progress	161 588 999	105 211 047
Produce	372 794 746	378 844 635
Third party goods	8 662 064	9 405 274
Letters of credit	226 693 140	162 253 427
Total	**2 024 013 461**	**1 828 163 341**
Impairment in inventory value	(11 524 566)	(10 377 812)
Net	**2 012 488 895**	**1 817 785 529**

10 ACCOUNTS AND NOTES RECIEVABLE:

Accounts and notes receivables as June 30, 2022 represent the following

	30/6/2022	31/12/2021
	L.E.	L.E.
Distributor	203 759 732	354 142 724
Direct sale	79 828 888	124 752 098
Contradictions	29 781 038	4 570 010
Export clients	488 215 082	369 460 834
Notes Receivable	511 930 993	369 391 452
Total	**1 313 515 733**	**1 222 317 118**
Impairment of receivables balances	(68 225 088)	**(60 889 724)**
Net	**1 245 290 645**	**1 161 427 394**

11 DEBTORS AND OTHER DEBIT BALANCES:

Debtors and other debit balances as June 30, 2022 represent the following

	30/6/2022	31/12/2021
	L.E.	L.E.
Insurance with others	15 666 678	8 280 304
advance payments (Taxes – insurance)	174 979 626	122 709 883
Advance payment suppliers	38 881 196	8 881 196
Suppliers Debtors	5 950 311	4 937 174
insurance company	2 399 091	2 402 817
Refund of customs duties owed (Adjudication)	6 044 228	6 044 228
Gas settlement	12 053 727	13 240 725
Other	38 352 094	66 445 849
	294 326 951	**232 942 176**

12 CASH AND CASH EQUIVALENT

Cash and cash equivalent as June 30, 2022 represent the following

	31/6/2022	31/12/2021
	L.E.	L.E.
Cash in hand	23 971 319	953 735
Bank – Local currency	53 217 630	115 164 744
Bank – Foreign currency	100 578 453	91 992 001
Bank deposits – Local currency	143 673 245	91 862 363
Bank deposits– Foreign currency	188 400 000	--
Bank Masr	8 006 671	11 614 208
Total	**517 847 318**	**311 587 051**

13 CAPITAL:

The authorized capital of the company is fifty-eight million pounds The issued and subscribed capital amounts to an amount 793 364 000 pounds Paid in full and worth 79 336 400 The nominal value of the share is 10 pounds.

In accordance with the decision of the company's general assembly held on June 27, 2010, it was approved to increase the capital from 721 240 000 to 793 364 000 With an increase of 72 124 000 pounds, financed from the profits distributed to shareholders by 10% From the issued and paid-up capital before the increase to finance the company's expansions and investments with the amendment of Articles 6 and 7 of the company's articles of association

The capital increase was entered in the commercial register on 24/6/2010

According to the decision of the Extraordinary General Assembly held on 30/4/2018, the authorized capital was increased from 850 million to 1500 million pounds. And approving the increase in the issued capital from 793,364,000 pounds to 991,705,000 pounds Where it was approved to increase the issued capital in the ordinary assembly on 30/4/2018, after the extraordinary general assembly enjoyed the distribution of a free share for every four original shares to be financed from the investment projects financing reserve, and the decision of the increase was approved on 1/2019

The capital increase was entered in the commercial register on 1/2019

Capital Structure:

Capital as June 30, 2022 represent the following

Shareholders	No. of Shares	Share Percentage %
Arab Company for Drug Industries and Medical Appliances (ACDIMA)	49 585 095	50%
Mediacal Professions For Investing	5 142 282	5.185%
Saray Value Fund SPC	4 698 019	4.737%
Sustainable Capital Africa Master Fund	4 317 430	4.354%
RCKM Kimberlite frontier Africa Master	4 071 453	4.106%
Federation of Medical Professions Syndicates	3 468 990	3.498%
Coronation Africa Frontiers Fund Universal	3 309 717	3.337%
Other Share holders	24 577 514	24.783 %
Total	**99 170 500**	**100%**

14 RESERVES

	30/6/2022	Additionals (Deductions)	31/12/2021
	L.E	L.E.	L.E
Legal Reserves	369 671 007	26 113 604	343 557 403
General Reserves	171 394 890	(4 354 946)	175 749 836
Capital Reserves	20 160 435	--	20 160 435
Reserve for financing investment projects and expansions	941 659 000	30 000 000	911 659 000
Total	**1 502 885 332**	**51 758 658**	**1 451 126 674**

15 RETAINED EARNINGS

	30/6/2022
	L.E
The balance at 31/12/2021	40 064 976
The profit for the period (2021)	487 752 080
Dividends and Settlments	(444 **217** 332)
Adjustment on Retained Earnings	(425 993)
Tax inspection difference From (2016-2019)	(8 892 345)
Total	**74 281 386**

16 THE NET PROFIT OF PERIOD /YEAR

	30/6/2022	31/12/2021
	L.E	L.E
The net profit of the period / year after tax	304 092 153	487 752 080
Total	**304 092 153**	**487 752 080**

17 LONG TERM LOANS

	30/6/2022	31/12/2021
	L.E	L.E
QNB Al Ahli Bank	345 541 166	279 638 056
Total	**345 541 166**	**279 638 056**

18 LONG TERM FACILITIES

	30/6/2022	31/12/2021
	L.E	L.E
QNB Al Ahli	91 221 402	136 269 442
National bank of Kuwait	63 096 000	113 158 002
	154 317 402	**249 427 444**

19 LEASE LIABILITY

	New lease	Interest	Paid	Balance as of 30/6/2022
Buildings	4 135 699	130 990	(1 233 787)	**3 032 902**
- **Clasified into:**				
Short term Lease Liability				1 967 017
Long term Lease Liability				1 065 885

20 DEFERRED TAX

	30/6/2022 L.E
The balance of tax liabilities 31/12/2021	75 947 453
Add (less)	
Transaction of the period	(4 557 516)
The balance of tax liabilities 30/6/2022	**71 389 937**

21 PROVISIONS

	31/12/2021 L.E	Add	Less	30/6/2022 L.E
OTHER Provision	38 171 292	18 000 000	--	56 171 292
Impariment on the balance of Account receivable	60 889 724	12 000 000	4 664 636	68 225 088
Impariment on the inventory provision	10 377 812	10 000 000	8 853 246	11 524 566
Provisions Claims	15 989 020	7 000 000	4 614 679	18 374 341
End of Services provision	19 624 991	15 000 000	14 369 362	20 255 629
Impariment on the balance of Account receivable	(60 889 724)	(12 000 000)	(4 664 636)	(68 225 088)
Impariment on the inventory	(10 377 812)	(10 000 000)	(8 853 246)	(11 524 566)
Total	**73 785 303**	**40 000 000**	**18 984 041**	**94 801 262**

Formed Provision

	30/6/2022 L.E	31/12/2021 L.E
OTHER Provision	18 000 000	13 000 000
Impariment on the balance of Account receivable	12 000 000	13 000 000
Impariment on the inventory provision	10 000 000	40 000 000
Provisions Claims	7 000 000	13 000 000
End of Services provision	15 000 000	30 000 000
Total	**62 000 000**	**109 000 000**

22 CREDIT BANKS (FACILITIES)

	30/6/2022	31/12/2021
	L.E	L.E
Banque du Caire. Al-Azhar	200 445 567	128 997 778
QNB Al Ahli	481 132 125	274 482 721
Emirates National Bank of Dubai	101 312 436	51 705 826
Ahli United Bank	339 902 619	419 007 541
National bank of Kuwait	134 538 031	35 169 470
Suez Canal Bank	116 063 506	74 589 967
Abu Dhabi Islamic Bank	138 976 959	106 251 311
Al Baraka Bank Egypt	238 217 270	128 961 008
Total	**1 750 588 513**	**1 219 165 622**

23 SUPPLIERS AND NOTES PAYABLES

	30/6/2022	31/12/2021
	L.E	L.E
Local suppliers	74 423 093	52 049 876
Foreign suppliers	12 253 630	8 318 336
Notes Payables	29 431 610	15 077 213
Total	**116 108 333**	**75 445 425**

24 DIVIDENDS

	30/6/2022	31/12/2021
	L.E	L.E
Dividends	163 432 430	--
Total	**163 432 430**	**--**

25 CREDITORS AND OTHER CREDIT BALANCES

	30/6/2022	31/12/2021
	L.E	L.E
Other creditors (insurance to others – social insurance)	22 771 568	19 572 614
Other creditors (tax authority)	15 344 039	5 417 469
Other creditors	4 627 352	13 218 217
Other credit balances	41 697 692	77 550 119
Current Expenses	13 697 654	29 286 175
Advanced payment receivables	22 546 022	27 494 456
Total	**120 684 327**	**172 539 050**
Takaful Contribution	4 540 513	8 956 477
	125 224 840	**181 495 527**

26 ACCURRED INCOME TAX

	30/6/2022 L.E	31/12/2021 L.E
Income Tax	185 299 418	110 617 369
Total	**185 299 418**	**110 617 369**

27 NET SALES " SALES REVENUE "

	30/6/2022 L.E.	Percentage %	30/6/2021 L.E.	Percentage %
Direct local sales	376 654 569	21.74%	333 563 997	21.58%
local sales "distributors"	803 675 080	46.40%	795 275 015	51.45%
(-) Incentives for local distributors	(80 141 319)	(4.63) %	(25 778 246)	(1.67) %
local sales(Tenders)	186 281 975	10.75%	84 008 045	5.43%
Export	465 516 702	26.87%	358 628 510	23.20%
(-) Export Distributors Incentives	(19 804 708)	(1.14) %	--	0.00%
Total net sales	**1 732 182 299**	**100%**	**1 545 697 321**	**100%**
Other operating income	1 856 865		2 397 020	
Total sales revenue	**1 734 039 164**		**1 548 094 341**	

*** Distributors' incentives have been deducted from sales and the comparison year has been modified (according to Standard No. 48).

	30/6/2022 L.E.	30/6/2021 L.E.	Percentage Change %
Production value at selling price	2 026 616 536	1 605 004 593	59.11%
Total	**2 026 616 536**	**1 605 004 593**	

28 COST OF SALES:

	30/6/2022 L.E.	30/6/2021 L.E.
Cost of manufacture for sold production		
Salaries & Wages	117 476 682	98 900 437
Benefits " Treatment Expenses - Nutrition for workers expenses"	13 784 919	10 377 040
Social Insurance	13 916 886	12 907 816
Commodity supplies "Materials"	462 934 104	384 541 855
Commodity requirements "Packing and Packaging"	303 644 008	219 103 382
Commodity requirements " Spare Parts and Equipment"	35 056 544	34 039 531
Commodity supplies “Purchased for Sale”	15 950 376	--
Commodity requirements "fuel, oils, electricity, water and lighting"	41 047 583	40 998 738
Commodity supplies "stationery and stationery"	782 483	784 664
Service requirements " Maintenance Exp."	4 959 877	5 144 400
Service requirements "Employment for others exp”	187 778	597
Service supplies "Experimental and research services"	1 388 506	212 783
Service requirements "transportation, transfers and travel allowance"	508 638	969 129
Service necessities "renting transportation"	381 075	342 621
Service necessities "Insurance expenses"	1 963 219	--
Service necessities "Daily workers"	2 040 503	--
Service requirements "other"	3 699 861	3 854 197
Taxes and duties	33 097	40 905
Depreciation	39 185 976	58 295 849
Actual Rent	--	446 805
(-) Sold production waste	(5 174 393)	(3 852 904)
Production cost	**1 053 767 722**	**867 107 845**
Add or (subtract):		
Change in inventory of finished and semi-finished cost	**(86 858 233)**	**8 253 910**
Cost of Sales	**966 909 489**	**875 361 755**

29 MARKETING EXPENSES:

	30/6/2022 L.E.	30/6/2021 L.E.
Salaries & Wages	107 197 741	96 952 995
Benefits " Treatment Expenses - Nutrition for workers expenses"	5 835 806	5 835 682
Social Insurance	12 725 942	11 422 868
Commodity supplies "marketing activities tasks"	6 955 441	5 314 026
Commodity supplies "packing and packaging materials"	1 125 876	688 950
Commodity requirements "fuel, oils, electricity and water"	7 209 684	4 932 772
Commodity supplies "stationery and stationery"	713 742	270 839
Service requirements "M. Maintenance"	1 614 582	1 384 326
Service supplies "seminars and conferences - marketing activities"	38 379 936	22 824 239
Service supplies "contribution to scientific offices"	2 197 633	2 268 002
Service requirements "transportation, transfers and travel allowance"	28 527 738	24 240 441
Service necessities "rental of vehicles"	196 129	125 491
Royalties	2 210 700	1 567 226
Shipping expenses	25 812 456	13 377 204
Selling insurance expenses	1 013 267	541 474
Insurance expenses "export"	1 908 084	2 088 219
Other insurance expenses	20 605	1 356 370
Free medical samples	2 772 620	--
Other services	8 097 976	4 584 743
Merchandise taxes and duties	4 594 673	4 056 158
Depreciation of fixed assets	5 816 206	5 738 960
Actual rents	265 372	692 093
fines and compensation	--	1 638 606
Total	**265 192 209**	**211 901 684**

30 RESEARCH & DEVELOPMENT EXPENSES :

	30/6/2022	30/6/2021
	L.E.	L.E.
Salaries & Wages	8 184 836	7 257 707
Benefits " Treatment Expenses - Nutrition for workers expenses"	457 355	250 341
Social Insurance	733 352	606 861
Commodity supplies "used materials"	2 435 540	951 654
Service requirements "M. Maintenance"	61 734	14 939
Service requirements "transportation, transfers and travel allowance"	78 078	31 607
Service necessities "rental of means of transport"	11 704	8 788
Service supplies "experiments and research"	9 483 497	3 581 443
Other services	347 883	1 128 866
Merchandise taxes and duties	1 017	630
Depreciation of fixed assets	805 608	238 414
Actual rents	319	1 158
Total	**22 600 923**	**14 072 408**

31 GERNERAL & ADMINSTRATIVE EXPENSES :

	30/6/2022	30/6/2021
	L.E.	L.E.
Salaries & Wages	36 543 911	27 098 430
Benefits " Treatment Expenses - Nutrition for workers expenses"	3 230 305	1 463 619
Social Insurance	3 059 006	2 442 998
Commodity supplies "used materials"	2 925 551	1 474 568
Service requirements "M. Maintenance"	591 108	311 465
Service requirements "transportation, transfers and travel allowance"	1 347 585	560 982
Service necessities "rental of vehicles"	86 744	46 106
Allowance for "technical - review - legal" committees	240 000	190 000
Other services	3 539 606	3 399 394
Merchandise taxes and duties	8 509	101 391
Dividend taxes	3 433 334	4 063 541
Depreciation of fixed assets	1 503 558	1 240 253
Actual rent	2 363	8 920
Donations	3 962 537	40 000
property taxes	294 692	291 200
Total	**60 768 809**	**42 732 867**

32 FINANCING EXPENSES:

	30/6/2022	30/6/2021
	L.E.	L.E.
Debit Interest " Short term credit facilities"	66 512 325	67 364 167
Commission and bank charges	5 837 274	4 206 343
Check cutting fees	8 683 575	14 465 580
Finance cash discount	2 283 416	--
Total	**83 316 590**	**86 036 090**

33 FORMED PROVISIONS:

	30/6/2022	30/6/2021
	L.E.	L.E.
Other provisions	18 000 000	3 000 000
Provision of impairment of customers balances	12 000 000	2 000 000
Allowance for impairment in inventory value	10 000 000	10 000 000
Provision claims	7 000 000	2 000 000
End of Services provision	15 000 000	15 000 000
Total	**62 000 000**	**32 000 000**

34 TAKFUL CONTRIBUTION:

	30/6/2022	30/6/2021
	L.E.	L.E.
Takful Contribution	4 540 513	3 929 125
Total	**4 540 513**	**3 929 125**

35 PROFIT OF RELATED COMPANIES:

	30/6/2022	30/6/2021
	L.E.	L.E.
Re-evaluation of Saudi Batterjee Company "Standard No. 18"	20 156 330	--
Re-evaluation of the medical professions company "Standard No. 18"	(6 876 037)	--
Profit share of Saudi Batterjee Company "Standard No. 18"	5 792 788	2 729 969
Profit share of the medical professions company "Standard No. 18"	6 717 332	6 115 414
Total	**25 790 413**	**8 845 383**

36 TAX POSITION:

A- Corporate tax

- The company is subject to the mission of investment taxes in Cairo in file No. 219/323/5.
- The company maintains regular accounts and books.
- The tax returns for the years 2010/2019 were submitted on the legal dates based on regular books and accounts, and the taxes due on the company were paid from the reality of the returns, and therefore there is no tax payable.

B- Salary Tax

- A tax on salaries and the like list deducted the employees don't exceed exemption limited

C- Stamp Tax

- Form (19) stamped for the years 2014/2016 is notified, and the internal committee has been agreed and the tax due has been paid to date.

D- VAT

- The company is registered with value-added taxes, and the monthly returns are submitted on time in accordance with the provisions of Law (11) of 1991 and its explanations. The taxable is oil only, which is table commodities. As for the income, it is exempt from tax according to item No. 24 of the list of exempted commodities.

37 SOCIAL INSURANCE:

The company pays social insurance subscribtion on a timely basis to the Qwesna Insurance Office according to the receipts indicating that.

38 IMPORTANT EVENTS

Covid-19 occurred at the beginning of fiscal year 2020 in several countries around the world, leading to unspecified economic turmoil, and the Arab Republic of Egypt has taken several precautionary measures, both economic and health, in line with what many countries around the world have taken, but it is currently difficult to estimate the potential impact on the financial lists of the spread of the epidemic, as an important event in accordance with Egyptian accounting.