DELTA SUGAR COMPANY
(S.A.E)
Financial statements and the auditor's report
At 30 June 2023

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(3)	auditor's report
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(6)	Separate Statement of income as of 30 Jun 2023
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REPORT ON REVIEW OF INTERIM SEPARATE FINANCIAL STATEMENTS OF DELTA SUGAR (S.A.E)
TO THE BOARD OF DIRECTORS OF DELTA SUGAR COMPANY (S.A.E)

Report on the Separate Financial Statements

We have reviewed the accompanying separate interim financial statements of financial position of **DELTA SUGAR COMPANY (S.A.E)**, subject to law No. 159 for 1981, as of 30 June 2023, and the related interim separate statements of profit or loss, statement of comprehensive income, changes in equity and cash flows for the period 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 review.

Scope of Review

We conducted our review in accordance with the Egyptian Standard on Review Engagements No. 2410, "Review of Interim Financial Statements Performed by the Independent Auditors of the Entity." A review of interim financial statements 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 these interim financial statements.

Basis for qualified conclusion

- We were unable to obtain a detailed study of the deferred tax. according to Egyptian Accounting Standards No. (24) income taxes, which were recognized in the financial statements by 6,621,289 EGP.
- We were not provided with investments in associates to determine the requirements for applying the equity method when accounting for investments in associate companies and joint ventures.

Qualified conclusion

Except for the effects of such adjustments, as might have been determined to be necessary had we been able to examine the information included in the preceding paragraph, based on our review nothing has come to our attention that causes us to believe that the accompanying separate interim financial statements does not give a true and fair view, in all material respects, of the interim financial position of **DELTA SUGAR COMPANY (S.A.E)**, as of 30 June 2023, and of its interim financial performance in accordance with Egyptian Accounting Standards.

Cairo 9 August 2023

Chartered Accountant
DR. Hisham Ahmed Labib TIAG
Fellow of the Egyptian Association of Accountant and Auditors
Fellow of the Egyptian Tax Association
R. A. A 6513
C.M.A.R. 168

MEMBER TIAG
Hisham Labib & Co.
هشـــام لـــبيب وشركــاه

DELTA SUGAR COMPANY
(S.A.E)

SEPARATE STATEMENT OF FINANCIAL POSITION As of 30 June 2023

	Notes	30 June 2023 EGP	31 December 2022 EGP
Non-Current Assets			
Fixed assets (net)	(3A-4)	**586,597,189**	587,210,732
Projects under construction	(3B-5)	**8,784,014**	7,146,020
Investments in Subsidiary	(3D-6)	**289,531,000**	289,531,000
Payments under investment in subsidiary	(7)	**47,756,000**	17,006,000
Total Non-Current Assets		**932,668,203**	900,893,752
Current Assets			
Inventory & Letters of credit	(3E-8)	**1,950,577,541**	534,856,790
Accounts receivable	(3F-9)	**94,621,686**	60,608
Other receivables	(3F-10)	**583,548,531**	493,342,808
Cash on hand and at banks	(3G-11)	**1,686,581,089**	958,378,491
Total Current Assets		**4,315,328,847**	1,986,638,697
Total Assets		**5,247,997,050**	2,887,532,449
Equity			
Paid up & issued capital	(12)	**710,990,375**	710,990,375
Reserves	(3H-13)	**408,736,265**	365,708,763
Retained earnings / Accumulated deficits		**345,690,078**	23,199,885
Net (loss) profit for the period / year		**1,088,495,335**	850,408,758
Total equity		**2,553,912,053**	1,950,307,781
Non-Current Liabilities			
Deferred tax liabilities	(3I-14)	**6,621,289**	6,621,289
Total Non-Current Liabilities		**6,621,289**	6,621,289
Current Liabilities			
Banks credit balances	(15)	**58,773**	153,484
Provisions	(3J-16)		168,545,616
Contractors & other payable	(3k-17)	**277,412,048**	57,050,476
Other credit balances	(18)	**1,678,736,822**	443,605,790
Dividends payable	(19)	**22,850**	24,641
Accrued income tax	(3L)	**362,687,599**	261,169,372
Total Current Liabilities		**2,318,918,092**	930,549,379
Total Liabilities		**2,325,539,381**	937,170,668
Total Liabilities and Equity		**4,879,451,434**	2,887,478,449

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

Auditor's report attached

Chief Financial Officer	**Managing Director**	**Chairman of the Board & Managing Director**
Mrs.Samia Elkady	Mrs.Sarah Tawfik	Eng.Amr Mohamed Ahmed Tawil

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DELTA SUGAR COMPANY
(S.A.E)

SEPARATE STATEMENT OF PROFIT OR LOSS
For The Period Ended 30 June 2023

	Notes	from 1/1/2023 to 30/6/2023	From 1/1/2022 to 30/6/2022
		EGP	EGP
Revenues / Sales	(20)	**3,535,790,156**	2,505,151,474
Cost of revenues	(21)	**(1,921,854,830)**	(1,655,463,615)
Agricultural activities revenues		**2,877,601**	4,254,560
Farm expenses		**(3,310,128)**	-
Operation revenue from others		-	8174331
Operation expenses to others		-	(5,520,000)
Refined raw sugar revenue	(22)	**784,740,110**	-
Refined raw sugar expenses	(23)	**(752,599,124)**	-
Gross profit		**1,645,643,785**	856,596,750
Investment income		**47,776,000**	-
Other revenues	(24)	**40,080,719**	30,626,710
Selling and distribution expenses		**(1,387,185)**	(1,582,785)
General and administrative expenses		**(55,972,962)**	(44,392,122)
Provisions		**(200,000,000)**	(100,000,000)
Other expenses	(25)	**(21,283,238)**	(5,714,912)
Finance expenses		**(3,674,185)**	(7,226,822)
Profit before taxes		**1,451,182,934**	728,306,819
Income taxes expenses		**362,687,599**	184,297,304
Profit for the period from ongoing operations		**1,088,495,335**	544,009,515
Profit for the period from discontinued operations		-	-
Profit / losses for the period		**1,088,495,335**	544,009,515
Earnings per share		**6.23**	3.12

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

Auditor's report attached

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DELTA SUGAR COMPANY
(S.A.E)

SEPARATE STATEMENT OF COMPREHENSIVE INCOME
For The Period Ended 30 June 2023

	Notes	from 1/1/2023 to 30/6/2023	From 1/1/2022 to 30/6/2022
		EGP	EGP
Profit (Loss) for the period		**1,088,495,335**	544,009,515
Other comprehensive income			
Exchange differences on the translation of foreign operations differences		--	--
Financial investments available for sale		--	--
Cash flow coverage		--	--
Profit (loss) from actuarial defined benefit pension systems		--	--
The share of property other comprehensive income in associated companies		--	--
Relating to the components of other comprehensive Income tax		--	--
Profit (loss) from actuarial defined benefit pension systems		--	--
The share of property other comprehensive income in associated companies		--	--
Total other comprehensive income for the period after tax deduction		**1,088,495,335**	544,009,515
Total comprehensive income for the period		**1,088,495,335**	544,009,515

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

Auditor's report attached

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DELTA SUGAR COMPANY
(S.A.E)
SEPARATE STATEMENT OF CHANGE IN EQUITY
For The Period Ended 30 June 2023

	Capital	Legal reserves	General reserve	Renewal reserves	Capital reserve	Retained earnings	Profit of the period	Total
Balance as of 31 December 2020 (before adjustments)	**710,990,375**	**238,052,301**	**20,736,946**	**80,000,000**	**7,668,910**	**10,590,793**	**(253,950,019)**	**814,089,306**
Adjustments on retained earnings						**(5,322,278)**		**(5,322,278)**
Adjusted balance as of 31 December 2020	**710,990,375**	**238,052,301**	**20,736,946**	**80,000,000**	**7,668,910**	**5,268,515**		**808,767,028**
Transferred to retained earnings						**(253,950,019)**	**253,950,019**	-
Transferred to legal reserves								
Dividends								
Net profit as of 31 December 2021							**385,012,119**	**385,012,119**
Balance as of 31 December 2020 (before adjustments)	**710,990,375**	**238,052,301**	**20,736,946**	**80,000,000**	**7,668,910**	**(248,681,504)**	**385,012,119**	**1,193,779,147**
Adjustments on retained earnings						(7,581,961)		(7,581,961)
Adjustments on reserves capital								
Adjusted balance as of 31 December 2021	**710,990,375**	**238,052,301**	**20,736,946**	**80,000,000**	**7,668,910**	**(256,263,465)**		**1,186,197,186**
Transferred to retained earnings						385,012,119		
Transferred to legal reserves		19,250,606				(19,250,606)		-
Dividends						(86,298,163)		(86,298,163)
Net profit / losses as of 31 December 2021							850,408,758	850,408,758
Balance as of 31 December 2022 (before change)	**710,990,375**	**257,302,907**	**20,736,946**	**80,000,000**	**7,668,910**	**23,199,885**	**850,408,758**	**1,950,307,781**
Adjustments on retained earnings						(6,993,164)		(6,993,164)
Adjustments on reserves capital								
Adjusted balance as of 31 December 2022	**710,990,375**	**257,302,907**	**20,736,946**	**80,000,000**	**7,668,910**	**16,206,721**		**1,943,314,617**
Transferred to retained earnings						850,408,758		850,408,758
Transferred to legal reserves		42,493,750			533,752	(43,027,502)		-
Dividends						(477,897,899)		(477,897,899)
Net profit / losses for 30 June 2023							1,088,495,335	1,088,495,335
Balance as of 30 June 2023 (before change)	**710,990,375**	**299,796,657**	**20,736,946**	**80,000,000**	**8,202,662**	**345,690,078**	**1,088,495,335**	**2,553,912,053**

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DELTA SUGAR COMPANY
(S.A.E)

SEPARATE STATEMENT OF CASH FLOW
For The Period Ended 30 June 2023

	Notes	30 June 2023 EGP	30 June 2022 EGP
Flows From Operating Activities			
Net Profit / losses before taxes		**1,451,182,934**	728,306,819
Reconciliation adjustments			
Change in accounting policies		**(6,993,164)**	(6,318,128)
Depreciation of fixed assets	**(3A-4)**	**26,050,935**	31,095,011
Investment income	**(3D)**	**(47,776,000)**	-
Credit foreign currency differences		**-**	(20,837,554)
Interest & Finance expenses	**(3M)**	**3,674,185**	7,226,822
Credit interest	**(3M)**	**(32,894,587)**	(2,203,450)
Debit foreign currency differences	**(3M)**	**7,258,935**	644,972
Used provisions		**200,000,000**	100,000,000
Capital (gain) losses		**(119,325)**	(533,752)
Operating profit before change in working capital		**1,600,383,913**	837,380,740
Change in inventory	**(3N-8)**	**(1,415,720,751)**	(846,905,047)
Change in accounts and other receivable balances	**(3F-9-10)**	**(184,820,801)**	6,054,250
Change in accounts and other payable balances	**(3k-17-18)**	**1,339,086,474**	245,775,108
Paid income taxes	**(3I)**	**(144,521,848)**	-
Net Cash Flows Provided From Operating Activities		**1,194,406,987**	242,305,051
Investing Activities			
Payments to acquire fixed assets and projects under constructions	**(3A-B-4-5)**	**(27,194,709)**	(8,534,341)
Credit Interest collected		**32,894,587**	2,220,349
Debit foreign currency differences		**(7,258,935)**	(644,972)
Credit foreign currency differences		**-**	20,837,554
Investment income	**(3D)**	**47,776,000**	-
Payments to acquire investments		**(30,750,000)**	(9,185,000)
Net Cash Flows Provided From Investing Activities		**15,466,943**	4,693,590
Financing Activities			
Procceds (payments) from/to bank credit balances	**(15)**	**(94,711)**	388,295,497
Interests paid	**(3M)**	**(3,674,185)**	(7,226,822)
Dividends paid		**(4,779,020,436)**	(86,298,163)
Net Cash Flows (Used In) Provided From Financing Activities		**(4,782,789,332)**	294,770,512
Net cash flows during the period	**(3G-11)**	**728,202,598**	541,769,153
Cash and cash equivalents – beginning of the period	**(3G-11)**	**958,378,491**	69,773,575
Cash and cash equivalents – End of the period	**(3G-11)**	**1,686,581,089**	611,542,728

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

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Delta Sugar Company
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NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUN 2023

1. BACKGROUND: -

Delta Sugar Company (S.A.E) was established subject to the provisions of laws No. 43 of 1974, No. 32 of 1977, No. 230 of 1989, No. 8 of 1997 and No. 72 of 2017, and it's executive regulations and amendments. With consideration to provisions Low No 159 of 1981 and its amendments, The company was registered on 28 December 1986, in Commercial Register under No 72516.

The financial year and periods

The financial year for the company starts at the first of January and ends at December 31 of every year. the duration of the company is 50 years from 28 December 1986 the date of its registration in the commercial register.

The date of issuance of the financial statements

The financial statements were approved in the second quarter of the fiscal year as part of the topics presented to the Board of Directors held in 31/7/2023

Company's location

The Company's headquarter is located at 20 Salesm Salem street El-Agouza, Giza, also it has a sub-headquarter located at zone No. 17, Markaz El-Khadamat Street, 6th October city.

The company's factories are located at El-Hamoul city, Kafr El-Sheikh.

The purpose of the Company: -

- Manufacturing sugar from sugar beets, industries resulting from the outputs of industrial processes and the refining of raw sugar for the company and for other.
- Cultivation and development and reclamation of agricultural land required for beets cultivation and other agricultural products.
- Purchasing and selling all agricultural products or related subsidiary products including import and export.
- Leasing and subleasing directly or subleasing as well as selling lands pursuant to provisions Lows of Arab republic of Egypt.
- Carrying out all other activities related or complementary to previous activities.

2. Basis of preparation of financial statements: -

1) The financial statements have been prepared in accordance to the Egyptian Accounting Standards " as issued by the Minister of Investment's Decree No. 110 of 2015 and which was revoked by the Minister decision No 243 of 2006 and replaced by new Egyptian accounting standards applied from the 1st January 2016 decree No 69 of 2019 and the applicable Egyptian laws and regulations The Egyptian Accounting Standards require referral to the International Financial Reporting Standards "IFRS" where no specific Egyptian Accounting Standard or legal requirements exists to address certain types of events transactions and their treatment.

2) **Basis of measurement.**

   The separate financial statements have been prepared on the historical cost basis, except for the revaluation of financial instruments, which are measured at fair value or amortized cost as appropriate.

4) Judgments and Estimates

Key Account Judgments and estimates

The preparation of these separate financial statements requires management to make judgments and estimates to determine the net book value for assets and liabilities which can't be measured clearly by other sources.

These estimates and associated assumptions are based on management's historical experience as well as other relevant factors. Actual results may differ from these estimates, therefore the estimates used to determine these assumptions are reviewed on an ongoing basis. Adjustments resulting from a revision to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgements in applying accounting policies

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The following are the critical judgements and estimates practiced by management in the pro Company's accounting policies, and that have the most significant effect on the amount separate financial statements:

1) **Deferred Income Tax:**

   The assessment of deferred income tax assets and liabilities is based on management's judgment. Deferred tax assets are recognized, only if, they are probable to be utilized. Deferred tax asset arising from tax losses carried forward, is recognized to the extent that it is probable that a future taxable profit will be sufficient, against which those carried forward losses can be utilized. Estimation is based on variable factors, such as future operating results. If a difference is identified between the actual and estimated amount of the asset, this may reduce it to the extent to which sufficient future taxable profits will be available to allow the deferred tax asset to be recovered.

2) **Estimated Useful Lives of Fixed Asset:**

3) The Company's management determines the estimated useful lives of its fixed assets after considering the expected usage of the asset or physical wear and tear. The management periodically reviews the estimated useful lives and the depreciation method to ensure that the method and the period of depreciation are consistent with the expected pattern of economic benefits from these assets, a change in useful life affects the underlying depreciation for the future periods.

4) **Provisions:**

   Provision cannot be accurately measured therefore the provided amount may be changed based on future developments. and those changes in provisions amount held for accounting may results changes in management estimates – on future basis – and it recognized in that period through changed in management estimations.

5) **Employees' benefits:**

- Shor-term benefits like salaries, wages, social insurance, paid annual leaves, sick leave, bonuses, and other non-monetary benefits are recognized as employees' benefits (Due within 12 months by the end of the financial year) and the non-cash benefits as (medical insurance, accommodation, transportation, or other free or subsidized services) These benefits are accounted for as follows:
    - When the employee performs the service during the financial period, the undiscounted value of the short-term employee benefits expected to be paid in exchange for that service is recognized as a due expense within the liabilities, after deducting any amounts that have been actually paid in relation to the service, if the paid value exceeds the undiscounted value For benefits, then that increase is recognized as a prepaid expense within the assets, provided that that advance expense will result in a reduction in future payments or a cash refund.
    - As an expense, it is charged to the profit or loss for the period unless one of the other criteria requires or permits the capitalization of such benefits in the cost of an asset
- Post-service benefits, which are long-term benefits that are due to employees, provided they complete their service periods with the company, after which they are entitled to obtain leave-of-service rewards in accordance with the laws applied.

6) **<u>Impairments of Accounts and debit balance</u>**

Impairments of account receivables and other debit balance are stated at the collectible net value which represents in total the original invoice amount less the underlying impairments. The impairment is recognized when the company has objective evidence that the company will not be able to collect due amount according to original contract with the customer, Impairment represents the difference between the carrying amount and the recoverable cash inflow amount.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUN 2023

3. **Significant accounting policies applied:**

A- Foreign currency translation

Transactions in foreign currencies are initially recorded using fixed exchange rates that are revised in case there is a significant change in the exchange rate of any currency .

Monetary assets and liabilities denominated in foreign currencies are retranslated using the exchange rates prevailing at the balance sheet date. All differences are recognized in the statement of income.

B- Fixed assets and depreciation

Fixed assets are stated at historical cost net of accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the fixed assets when that cost is incurred, if the recognition criteria are met. Likewise, when a major improvement is performed, its cost is recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of income as incurred.

Depreciation of an asset begins when it is in the location and condition necessary for it to be capable of operating in the manner intended by management, and is computed using the straight-line method according to the estimated useful life of the asset as follows:

	Rate	years
Buildings, Construction & Facilities	2%	50
Infrastructure	8%	12.5
Machineries and equipment	4%	25
Vehicles and transportation	10%	10
Tools	10%	10
Furniture and office equipment	10%	10
Computer hardware and software	15%	6.7

Fixed assets are derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognizing the asset is included in the statement of income when the asset is derecognized.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end.

The Company assesses at each balance sheet date whether there is an indication that fixed assets may be impaired. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of income.

C- Projects under construction

Projects under construction are recorded at cost less any decrease in their book value and the cost of these projects include all costs related to the acquisition of the asset until they are usable then a depreciation account for those assets starts according to the principles used in the depreciation of fixed assets. Projects under construction are charged at the cost of new projects and purchased equipment that has not yet been used.

D- Impairment of Assets

Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of income.

A previously recognized impairment loss is only reversed if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of income.

Impairment of financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

The impairment loss of each financial asset carried at amortized cost, represents the difference between the carrying amount and the present value of the estimated future cash flows, discounted at the original effective interest rate of that financial asset.

The carrying amount of all financial assets is directly reduced by the impairment losses, except for the impairment in trade receivables, where the carrying amount is reduced using an allowance account. When a receivable's balance is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

With the exception of Available for Sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after an impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

As for equity instruments classified as available-for-sale investments for which impairment losses were previously recognized in the statement of profits or losses, is not subsequently reversed through profit or loss. Any subsequent appreciation in the value of such investments is recognized directly through equity.

E- **Investments in associates**

Investments in subsidiaries are investments in entities which the company has control. Investments in subsidiaries are investments in entities which the company has influence it but not control it, and the share rate in this companies between 20% to 50% rights of votes, the Investments in subsidiaries represented by equity, and the revenue is recognized in the income statement.

F- **Inventory**

Inventory value is measured accordingly of the cost or net redeemable value, whichever is less, and the initial recognition of inventory is at cost. The cost of inventory includes all purchase, molding costs, and other costs incurred by the company to bring the inventory to its current location and condition. The costs of inventories are determined as follows:

Raw materials, packaging materials, gas and spare parts

At purchase cost on a weighted average basis

Work in progress

Cost of direct materials and labor plus attributable overheads based on a normal level of activity.

Finished Goods

At the lower of the cost of production (based on the costing sheets) or net realizable value.

Cost includes direct materials, direct labor, and allocated share of manufacturing overhead.

Biological asset (sugar beet crop)

The cost of biological assets (agriculture products) is represented in material cost, direct labor, other direct and indirect cost related to production based on the usual operation ratios.

Agricultural produce is measured, at the point of harvest, at fair value less estimated costs to sell at the point of harvest when the fair value is reliably measured.

There is a presumption that fair value can be measured reliably for a biological asset. However, that presumption can be rebutted only on initial recognition for a biological asset for which quoted market prices are not available and for which alternative fair value measurements are determined to be clearly unreliable. In such a case, that biological asset shall be measured at its cost less any accumulated depreciation and any accumulated impairment losses. Once the fair value of such a biological asset becomes reliably measurable, an entity shall measure it at its fair value less costs to sell.

Due to the nature of this crop taking a growth period not exceeding six months, most of it is on the agricultural root form that does not have a fair value in the market, it is valued at cost.

G- **Accounts, Receivables, note and other debit balances**

Accounts receivable and other receivables are stated at original invoice amount net of any impairment losses.

Impairment losses are measured as the difference between the receivables carrying amount and the present value of estimated future cash flows. The impairment loss is recognized in the statement of profit or loss. Reversal of impairment is recognized in the statement of income in the period in which it occurs.

H- <u>Revenue recognition</u>

<u>Activity revenue</u>

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and sales taxes or duty .

The following specific recognition criteria must also be met before revenue is recognized: -

- Revenue is recognized when control of the ownership of the goods sold is transferred to the buyer,
- Company has no right in management regularly interference related to ownership or effective control of goods sold.
- Revenue can be measured accurately.
- Revenue is recognized to the extent that is potential for the flow of economic benefits to the Company.
- Revenue and costs can be measured reliably, where appropriate.

<u>Revenue from Rendering of services</u>

- Revenue is recognized by fair value for the payment received or due to the company.
- Revenue is measured at the fair value of the consideration received, excluding discounts and rebates. Revenue from rendering services is recognized when:
- Revenue can be measured accurately.
- Revenue is recognized to the extent that is potential for the flow of economic benefits to the company.
- Revenue can be measured accurately at financial statements prepared date.
- Revenue and costs can be measured reliably, where appropriate.

<u>Interest income or expense</u>

Interest income or expense is recognized using the effective interest method, dividends are recognized in profit or loss on the date of the right to receive the dividends.

<u>Dividends</u>

Revenue is recognized when the Company's right to receive the payment is established.

I- <u>Borrowings costs</u>

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the statement of income when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the effective interest rate. The effective interest rate amortization is included in finance expenses in the statement of income.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUN 2023

J- Cash and cash equivalent

For the purpose of preparing the statement of cash flows, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months less bank credit balances.

K- Statement of cash flows

The statement of cash flows is prepared using the indirect method.

L- Accounts payable

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

M- Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

Where the effect of the time value of money is material, the amount of a provision should be the present value of the expected expenditures required to settle the obligation. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance expense.

N- Dividend distributions

Dividends declared to the shareholders, board of directors and employees are recognized as a liability in the separate financial statements in the period in which these dividends have been approved by the Group's shareholders.

O- Employees Benefit

In accordance with the Company's article of association, the Company pays 10% of its dividends distribution after deducting legal reserves.

P- Earnings of profit per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to the ordinary equity holders by the weighted average number of ordinary shares outstanding during the year.

Q- Related party transactions

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. Pricing policies and terms of these transactions are approved by the board of directors.

R- Tax position

Current income tax

The current and prior years is recognized as a liability to the extent that it has not yet been settled and as an asset to the extent that the amount already paid exceed the amount due.

Current tax assets and liabilities are measured at the amount expected to be paid to taxation authorities using the rate / laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred tax assets and liabilities are recognized on temporary differences arising between the assets and liabilities tax basis as set by the Egyptian Tax Law and its executive regulations, and their carrying amounts as per the accounting standards used in the preparation of the financial statements. Accordingly, during each reporting period, an estimated income tax expense is recognized in the profit or loss that represents the sum of the tax currently payable and deferred tax. Current tax payable is calculated based on taxable profit of the year as determined in accordance with applicable local laws and regulations using tax rates enacted by the financial position date. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realized, based on tax rates and tax laws that have been enacted by the date of the financial statements. Income tax is recognized in the profit or loss, except when it relates to items charged or credited directly to equity, in which case the income tax is also dealt with in equity.

Deferred tax liabilities are generally recognized (resulted from all taxable temporary differences in the future) and deferred tax assets are recognized unless there is strong possibility that those assets could be used to reduce future tax profits or possibility of sufficient tax profits in the future. The carrying amount of deferred tax assets is reviewed at each financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax assets and liabilities are accounted for using the method and are reported in the statement of financial position as non-current assets and liabilities.

S- Legal reserved

According to the law Nu 159 of 1981 and the Company's article of association, 5% of the net profits of the year is transferred to the legal reserve until this reserve reaches 50% of the issued capital. The reserve is used upon a decision from the general assembly meeting based on the proposal of the board of directors.

General reserved

Is charged according to the board of directors' proposal, to be used in capital increase.

Capital reserve

Is charged from capital profit earned through sales of capital assets such as the sale of fixed assets, used to increase the capital structure of shareholders.

Reserve renewals

Is charged according to the board of directors' proposal and the general assembly meeting, used to replace, and renew the first- and second-line equipment

T- Financial instruments

Assets and liabilities are recognized in the financial position once the company becomes a party to the contractual provisions of the instrument.

Financial instruments and risk management

The Company's financial instruments consist of financial assets and liabilities. Financial assets include cash balances at banks, due from related parties and receivables. Financial liabilities include the accounts payable, due to related parties and creditors.

The Company Is exposed to a number of risks arising from the exercise of its activities which affect the values of these financial assets and liabilities as well as related revenues and expenses. The following are the most important risks, principles and policies that the Company follows in managing these risks.

- **Cash and cash equivalent**

  For the purpose of preparing the statement of cash flows, the cash and cash equivalent comprise cash on hand, current accounts with banks and time deposits maturing within three months less bank credit balances.

- **Accounts receivable**

  Accounts receivable are stated at original invoice amount net of any impairment losses.

- **Accounts and notes payable**

  Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

U- Equity and financial liability

Liabilities and equity rights issued in accordance with contractual provisions. While the financial instrument is issued as a commitment if the (issuing) company is required to make a cash payment to another party or to exchange another financial instrument with it on terms that may be unfavorable.

V- Derecognition of financial assets

The Company derecognizes a financial asset when the associated risks and rewards are transferred, if it's not the case, the company keeps the financial assets and liabilities at its books. An entity shall remove financial liability from its statement of financial position when it is extinguished, cancelled or expired.

W- Expenses

All expenses including cost of sales, selling and marketing expenses, general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

X- Comparative figures

Comparative figures are reclassified whenever necessary to conform to the changes in the presentation used in the current year.

4- Fixed Assets

	Lands	Buildings Infrastructure & roads	Machinery and equipment	Motor vehicles	Tools	Furniture, fixtures, and office equipment	Interest and financing expenses	Total
Cost as of 1 January 2023	20,216,248	194,057,764	1,284,230,823	93,137,118	6,867,264	13,918,496	23,145,086	1,635,572,799
Additions	115,140	6,957,552	14,002,512	569,469	2,482,799	1,429,244		25,556,716
Transfers additions								–
Disposals			(587,835)					(587,835)
Transfers disposals								–
Cost as of 30 June 2023	20,331,388	201,015,316	1,297,645,500	93,706,587	9,350,063	15,347,740	23,145,086	1,660,541,680
Accumulated depreciation as of 1 January 2023	-	106,515,119	818,353,201	85,689,861	4,674,486	9,984,314	23,145,086	1,048,362,067
Depreciation of the period		1,784,037	22,118,385	1,489,138	236,608	422,766		26,050,934
Disposals			(468,510)					(468,510)
Transfers additions								–
Accumulated depreciation as of 30 June 2023	-	108,299,156	840,003,076	87,178,999	4,911,094	10,407,080	23,145,086	1,073,944,491
Net book value as of 30 June 2023	20,331,388	92,716,160	457,642,424	6,527,588	4,438,969	4,940,660	–	586,597,189
Net book value as of 31 December 2022	20,216,248	87,542,644	465,877,621	7,447,258	2,192,779	3,934,182	–	587,210,732

- There is no mortgage over the fixed assets.
- The gross carrying amount of fully depreciated fixed assets that are still in use amounted to 524,228,216 EGP as follows:-

Lands	Infrastructure & roads	Machinery and equipment	Motor vehicles	Tools	Furniture, fixtures, and office equipment	Interest and financing expenses	Total
12,167,222	16,042,818	388,514,623	74,112,368	3,244,201	7,001,899	23,145,085	524,228,216

5- projects under construction	30 June 2023	31 December 2022
	EGP	EGP
Fixed Assets under installation	**2,453,918**	2,799,879
Projects inventory	**6,077,832**	3,992,723
Buildings	**252,264**	353,418
Total	**8,784,014**	7,146,020

Machinery and equipment (First Line):
Most significant items are Lime milk tank 1,256,001 EGP and Cold water tank for boilers 821,995 EGP

Machinery and equipment (First Line):
Significant maintence for spreading device (binding) amounting to 803,502 EGP and the fire extinguishing system at the fire port amounting to 1,435,168 EGP and fourth filter coolant rehabilitation amounting to 1,575,370 EGP

6- Investments in subsidiaries

	Issued Capital	Percentage of investment	Investments cost	Payment percentage	Amount paid	
					30 June 2023	31-Dec-22
UNIBAG company	49,000,000	41%	20,090,000	100%	20,090,000	20,090,000
Faiyum Sugar company	445,106,000	27%	119,441,000	100%	119,441,000	119,441,000
The Nobaria Sugar Industry and Refining Company	500,000,000	30%	150,000,000	100%	150,000,000	150,000,000
Total	**994,106,000**		**289,531,000**		**289,531,000**	**289,531,000**

7- Payments under investment in subsidiary

	Issued Capital Dollar	Percentage of investment	Investments cost in USD	Payment percentage	Payments in USD	EGP equivalent
Project of Egyptian BioEthanol Company (EBIOL)	40,000,000	5%	2,000,000	50%	2,000,000	47,756,000

8-	**Inventories**	**30 June 2023**	31-Dec-22
		EGP	EGP
	Raw materials inventory	**82,796,651**	83,334,991
	Fuel inventory	**109,031,704**	65,394,559
	Spare parts inventory	**110,488,449**	94,002,859
	Packing materials inventory	**18,800,388**	6,038,282
	Raw sugar inventory	**29,140,411**	-
	Finished goods	**1,467,844,887**	45,931,171
	Consigned goods inventory	**-**	223,750,000
	Material and other goods inventory	**24,577,370**	14,065,374
	Letters of credit	**108,897,681**	3,339,554
	Deduct write-down of spare part and sacks (obsolete)	**(1,000,000)**	(1,000,000)
	Total	**1,950,577,541**	534,856,790

Finished goods inventory includes 106086.016 tons of sugar, 105834.420 tons of molasses, 26123.620 tons of beet pulp and it's valued at cost.

9-	**Accounts receivable**	**30 June 2023**	31 December 2022
		EGP	EGP
	Accounts receivable - local	**17,691,760**	6,608
	Accounts receivable - export	**76,929,926**	-
	Total	**94,621,686**	6,608

Most significant account receivable - local quantity is 3101.440 tons of molasses amounting to 17,678,208 EGP for The Egyptian Sugar and Integrated Industries company

Most significant account receivable - export quantity is 5487.400 tons of feed amounting to 40,342,240 EGP for The Wakalex Company also 5000 tons of feed for ED & F MAN which has been paid in July 2023

10- Other receivables

	30 June 2023	31-Dec-22
	EGP	EGP
Deposits with other	**65,931,349**	65,911,349
Account payables & debit balance	**51,492,538**	89,350,506
Withholding tax	**36,623,961**	116,647,523
Tax inspection differences	**4,894,809**	4,894,809
Unsettled corporate tax	**3,336,844**	3,336,844
Real estate tax - factory	**6,695,162**	6,695,162
Large Taxpayers Center-debit balances	**1,499,691**	1,499,691
Stamp tax	**3,798,672**	3,798,672
Sales taxes- capital gain	**3,462,498**	3,462,498
Alexandria customs	**10,986,858**	769,606
Custody under settlement factory - center	**1,718,472**	1,465,473
Taxes on dividends	**17,811,420**	17,749,920
Company share in UNIBAG company profits	**410,000**	1,025,000
prepaid expenses (Factory)	**-**	70,446,465
Egyptian agricultural authority beets pulp	**154,056,027**	-
Goods in transit	**6,594,430**	19,786,578
Advance payments to suppliers & beet pulp farmers	**175,140,454**	78,300,000
Salhia for agricultural development (rent land for beet)	**20,298,380**	7,540,354
Custody under settlement	**16,805,725**	-
Medical center (Sugar company)	**500,000**	-
Other debit balance	**1,491,241**	662,358
Total	583,548,531	493,342,808

11- Cash on hand and at banks

	30 June 2023	31-Dec-22
	EGP	EGP
Cash on hand - EGP pound	**10,037,155**	2,154,264
Current accounts - EGP Dollar	**1,113,612,757**	62,595,528
Current accounts - US Dollar	**14,221,413**	173,096,051
Current accounts - EUR Dollar	**2,568**	388,046
Bank deposits - US Dollar	**548,707,196**	720,144,602
Total	**1,686,581,089**	958,378,491

Bank current accounts in foreign currency are equivalent to 462,488.45 $ and 77.08 €, while bank deposits are equivalent to 17,844,136.45 USD on 30/6/2023

12- Capital

The Company's authorized capital amounts to LE one Billion, while the Company's issued and paid up capital amounts to LE 710,990,375 divided over 142198075 shares of par value LE 5 each, the capital structure of the company on 30 June 2023 is as follows:

	%	No. of share
The Egyptian sugar and integrated industries Company	55.728%	**79243726**
Misr Life insurance	9.072%	**12899705**
Misr insurance	8.295%	**11794778**
National investment bank	6.275%	**8923160**
The Egyptian chemical industries company	6.458%	**9182572**
Other shareholders	14.077%	**20154134**
Total	100%	**142198075**

13- Reserves

	30 June 2023	31-Dec-22
	EGP	EGP
Legal reserve	**257,302,907**	42,493,750
General reserve	**20,736,946**	
Renewal reserve	**80,000,000**	
Capital reserve	**7,668,910**	533,752
Total	**365,708,763**	43,027,502

14- Deferred tax

The balance of deferred taxes amounted to 9,621,289 EGP on 30 June 2023 which is the same as on 31 December 2022, which represents taxs deferred liabilitie resulted from deferred tax and deferred tax assets according to what was calculated on 30/6/2023

15- Banks credit balances

Bank credit balances amounted to 85,773 EGP on 30 June 2023 comparing to 153,484 EGP on 31 December 2022.

16- Provisions

	30 June 2023	31-Dec-22
	EGP	EGP
Provisions for expected claims	**240,545,616**	140,545,616
End of service provision	**25,000,000**	25,000,000
Debit balances' provisions for beets (2017-2022)	**3,000,000**	3,000,000
Provisions for juice bonus season 2023	**100,000,000**	
Total	**368,545,616**	168,545,616

Provisions formed of one million for unused spar parts deducted from inventory and letter of credit clause.

17- Contractors & other payable

	30 June 2023	31-Dec-22
	EGP	EGP
Suppliers	**277,352,048**	56,990,476
Contractors	**60,000**	60,000
Total	**277,412,048**	57,050,476

18- Other credit balance

	30 June 2023	31-Dec-22
	EGP	EGP
Receivables - Credit balances	**1,214,594,982**	390,762,365
Deposits from others	**14,114,625**	4,997,804
Checks under collection	**158,066,638**	914,458
Private Insurance Fund	**16,341,445**	478,240
Tax authorties - Salary tax	**8,521,344**	5,404,772
Tax authorties - Corporate, Industrial and Sales taxes	**6,227,515**	816,334
Health insurance (Symbiotic contribution)	**11,028,161**	10,332,753
Social insurance (centre - factory)	**6,655,989**	6,646,114
Custody under settlement	**12,111,971**	9,886,161
Sugar Crops Council	**2,621,985**	5,112,914
Due expenses and incentives	**1,710,564**	1,459,003
Misr insurance company due fees	**361,586**	27,952
Beet experiments and traning	**1,147,786**	1,347,786
VAT capital goods	**2,913,226**	2,913,226
Foreign currency differences under settlement	**215,570,070**	-
Other credit balance	**6,748,935**	2,505,908
Total	1,678,736,822	443,605,790

Accounts receivables credit balances (sugar 1,096,148,258 EGP, feed 117,203,709 EGP and molasses 790,394 EGP)

19- Dividends payable

The amount of 22,850 EGP represents a part of employees' dividends in 2022 which will be distributed later.

19 Retained Earnings / Accumulated Deficits

The balance of retained earnings amounted to 345,690,078 EGP on 30 June 2023 as a results of prior years' adjustments according to article No. 43 of the Egyptian Accounting Standard No. (5) accounting policies and changes in estimates

Retained earnings as of 31 december 2022	23,199,885
Transferred to Retained earnings	329,483,358
Add: prior years' revenues	53,061
Deduct: prior years' expenses	(7,046,226)
Balance as of 30/6/2023	**345,690,078**

20 Net revenues (beets)

	30 June 2023	31-Dec-22
	EGP	EGP
Sugar	2,547,755,062	1,699,849,545
Molasses	176,507,218	237,465,068
Beets transfer	811,527,876	567,836,861
Total	3,535,790,156	2,505,151,474

21 Cost of revenues

	30 June 2023	31-Dec-22
	EGP	EGP
Beginning balance	45,931,171	8,949,450
Industrial wages	303,834,488	295,032,077
Materials	2,402,514,600	1,708,744,772
Packing	47,912,693	28,631,678
Industrial expenses	564,129,532	430,517,504
Industrial depreciation	25,377,233	30,571,557
Industrial wages	(1,467,844,887)	(846,983,423)
Total	1,921,854,830	1,655,463,615

22 Refined raw sugar revenue

	30 June 2023	31-Dec-22
	EGP	EGP
Sugar	776,037,500	-
Molasses	8,702,610	-
Total	784,740,110	-

23 **Refined raw sugar expenses**

	30 June 2023	31-Dec-22
	EGP	EGP
Raw sugar price	690,466,174	-
Molasses	62,132,950	-
Total	752,599,124	0

24 **Other revenues**

	30 June 2023	31-Dec-22
	EGP	EGP
Revenue of selling waste	602,390	5,521,272
Compensations and fines	711,658	318,759
Services sold and other revenues	5,872,084	1,728,775
Credit interest	32,894,587	2,220,350
Credit foreign currency differences	-	20,837,554
Total	40,080,719	30,626,710

25 **Other expenses**

	30 June 2023	31-Dec-22
	EGP	EGP
Board of directors bonus and wages	2,876,816	5,069,939
Debit foreign currency differences	7,258,935	644,973
Symbiotic contribution health insurance	11,028,161	-
Capital losses	119,326	-
Total	21,283,238	5,714,912

Symbiotic contribution were charged to other expenses instead of industrial expenses

26 **Financing expenses**

Financing expenses amounted to 3,674,185 EGP on 30 June 2023 comparing to a balance of 7,226,822 EGP on 30 June 2022.

27 Earnings per share

	30 June 2023	31-Dec-22
	EGP	EGP
Net profit (losses)	**1,088,495,335**	544,009,515
Deduct		
Transferred to reserves	**54,424,767**	27,200,476
Employee shares 10% after reserve	**103,407,057**	51,680,904
Board of directors bonus	**44,755,700**	21,478,931
Share of shareholders in profits	**885,907,812**	443,649,205
No. of shares	**142,198,075**	142,198,075
Earnings per share	**6.23**	3.12

19- Due to related partis transactions

- **The Egyptian Sugar and Integrated Industries Company.**

  Which contributes in company capital of 55.73% represent service of the year as follows: -

  Al hawamdia medical center: - represent medical treatment for employees.

  - Equipment and machinery factories: - Which perform a maintenance for spreading device and dynamic balance of equipment, machine, manufacturing and supplying the boiler savers, users transacting of the year of 9 million EGP.

- **Misr insurance company**

  which contributes in company capital of 8.3.73% the company insurance cover on all of company assets total of insurance fees of the years is 17651843 EGP.

- **The United Company for Packaging Production**

  Supplies sugar sacks to the company and contributes to company's capital by 41%, there is a debit balance (within suppliers account) amounted to 1,919,3437 EGP (which represents the value of sacks that have been received and the amount is being settled), as well as a debit balance (within other debit balances) amounting to 410,000 EGP (represents the share of our company in United Company For Packaging Production profits for 2021).

20- Tax position

A) Corporate Tax

- The company is subject to tax on corporate profits in accordance with Law 91 of year 2005 and the company present it tax declaration regularly and pays the accrued taxes
- The Company deducts the accrued payroll taxes of the employees and remits it to the tax office according to the law.
- years beginning of the activity till 2014, the inspection was completed, and the company paid the final tax due.
- The inspection was completed of 2015/2017 and found tax difference of 48 million and the company object and turned to internal tax appeals.
- The inspection was completed of 2018/2020 and found tax difference of 17 million and the company object and turned to internal tax appeals.

B) Property tax

- The company's records were inspected till 2021 and taxes due were paid.
- An amount of 6.70 EGP million, the value of real estate tax installments, was paid until 8/2022. The Real Estate Tax Commission was addressed to reimburse this amount, in implementation of Ministerial Resolution No. 61 of 2022 regarding the bearing of Ministry of Finance the full value of the tax on built real estate used in carrying out productive activities.
- The company received a claim of tax property for the headquarter for the period from 2013 till 2021 amounted to 1.7 million EGP of which the company paid in full and objected on. The Internal and Appeals Committee decision was issued to support the balance, the matter has been transferred to the court.

C) payroll Tax

- The company's records were inspected for the years 2006 and 2007 and the taxes due were paid.
- The company's records were inspected for the years from 2008 till 2017 and resulted in tax differences of 68 million EGP, The Company objected on the assessment and the issue is currently in the Internal committee.

D) VAT

- The company's records were inspected till 2015 and taxes due were paid.
- The company's records were inspected for the years from 2016 till 2020 and resulted in tax differences of 7.6 million EGP, the company objected on the assessment and was reduced to 1.9 million EGP according to the Internal Committee decision.

E) Stamp Tax

- For the period from 2016 to 2017, a tax of 172,000 EGP was assessed, and an objection was made, which resulted in a reduction of the tax to 9,000 EGP.
- The company's records were inspected for the years from 2018 till 2020, which resulted in tax differences amounting to 95,000 EGP, the objection was made by the company, and reduced later to 81,000 EGP and the company paid the due balance.

F) Income Tax

- The tax return was prepared for the second quarter of 2023, and it resulted in a tax of 362687599 EGP.

The relationship between accounting net profit and income tax burden

The relationship between accounting net profit and income tax burden according to the accounting standard (24) as follows:

Net income as stated in profit or loss statement	1.451.182.934
Add tax return items	232.778.534 +
Deduct tax return	72.016.582 -
Tax base	1.611.944.886
Tax value 22.5% in 30/6/2023	362.687.599

21- Financial instruments and related risks

Financial instruments

Fair values of financial instruments

- The Company's financial instruments are represented in financial assets and liabilities. Financial assets include cash on hand and at banks, due from related parties and accounts and other receivables
- **Capital risk management**

  The company manages its capital to ensure that it will continue in sufficient level while maximizing the return to the shareholders through the optimization of debt-to-equity balance.

  The capital structure of the company consists of issued capital, reserves and retained earnings and net financial debt.

  The company aims to achieve a good leverage ratio, which is determined based on the ratio of net debt to equity.

  In order to achieve the goal of managing the company's capital, the company makes sure to fulfill all its financial obligations referred to in the interest-bearing loan contracts, which clarify the requirements of the company's capital structure.