EGYPTIAN INTERNATIONAL
PHARMACEUTICAL INDDUSTRIES “EIPICO “ S.A.E
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2023
WITH LIMITED REVIEW REPORT

INDEX

mazars

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Translation of Limited Review Report
Originally Issued In Arabic

LIMITED REVIEW REPORT

To the chairman and member of the board 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)** which comprised the financial position as of June 30, 2023 and the related statements of income, other comprehensive income, changes in shareholders' 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 No. (30). Our responsibility 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 Standard on Limited Review Engagements No. (2410), "Limited Review of Interim Financial Information 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, 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 condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements does not present fairly, in all material respects, the financial position of the company as of June 30, 2023 and of its financial performance and its cash flows for three months then ended in accordance with the Egyptian Accounting Standards No. (30) for consolidated periodic financial statements.

Cairo: August 13, 2023

Auditor
Dr. Ahmed Shawki
MAZARS MOSTAFA SHAWKI

Translation of Financial Statements
Originally Issued in Arabic

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDDUSTRIES - EIPICO
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2023
(Amount expressed in LE)

	Note No.	30/06/2023 L.E	31/12/2022 L.E
NON-CURRENT ASSETS			
Fixed assets (net)	(4)	942 988 754	969 914 107
Right of use assets (net)	(5)	900 778	1 835 170
Projects under construction	(6)	2 390 877 582	866 160 786
Intangible assets (net)	(7)	1 857 522	1 567 040
Investments in subsidiaries, associates and joint ventures	(8/2)	355 815 679	352 342 033
Total non-current assets		**3 692 440 315**	**2 191 819 136**
CURRENT ASSETS			
Inventory (net)	(9)	2 279 454 844	2 161 799 424
Accounts and notes receivable (net)	(10)	2 140 075 947	1 794 422 644
Non-current assets held for sale	(8/1)	12 330 000	12 330 000
Debtors and other debit balances	(11)	151 640 570	130 569 216
Cash and cash equivalents	(12)	574 880 968	482 969 378
Total current assets		**5 158 382 329**	**4 582 090 662**
Total Assets		**8 850 822 644**	**6 773 909 798**
Equity			
Capital	(13)	991 705 000	991 705 000
Reserves	(14)	1 835 139 939	1 502 885 332
Dividends "Eiaco"		34 520 000	27 616 000
Retained earnings	(15)	79 609 744	74 145 367
Net profit for the period /year	(16)	508 652 149	642 982 324
Total equity (parent company)		**3 449 626 832**	**3 239 334 023**
Non-controlling interest		3 059 557	3 052 935
Total equity		**3 452 686 389**	**3 242 386 958**
Non-Current Liabilities			
long term loans	(17)	2 145 805 046	735 619 163
long term credit facilities	(18)	11 680 491	76 512 181
Lease liability – long term	(19)	324 573	794 054
Deferred tax	(20)	56 430 498	58 940 504
Total non-current liabilities		**2 214 240 608**	**871 865 902**
Current Liabilities			
Provisions	(21)	183 565 681	115 393 367
credit bank (facilities)	(22)	2 354 930 462	2 032 647 352
Suppliers and note payable	(23)	189 079 205	200 245 865
Dividends Payable	(24)	100 056 893	--
Creditors and other credit balances	(25)	257 819 618	203 162 053
Accrued Income tax	(26)	97 785 409	106 817 993
Lease liability – short term	(19)	658 379	1 390 308
Total current liabilities		**3 183 895 647**	**2 659 656 938**
Total Liabilities &Equity		**8 850 822 644**	**6 773 909 798**

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

Acting as chief financial officer
Mohamed Taha Elswify

Chairman and Managing Director
Dr. Ahmed Said Mohamed Kilani

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDDUSTRIES - EIPICO
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED JUNE 30, 2023

(Amounts expressed in L.E.)

	Note No.	30/06/2023 L.E	30/06/2022 L.E
Net Sales "Sales Revenue"	(27)	2 269 971 341	1 734 039 164
Cost of sales	(28)	(1 177 310 767)	(966 909 489)
Gross profit		**1 092 660 574**	**767 129 675**
Marketing expenses	(29)	(311 268 659)	(265 192 209)
Research and development expenses	(30)	(22 240 860)	(22 600 923)
General and Administrative expenses	(31)	(74 009 081)	(60 768 809)
Board of Directors allowances		(1 220 000)	(1 093 380)
Financing expenses	(32)	(167 180 680)	(83 316 590)
Formed from Expected credit losses		(8 000 000)	(12 000 000)
Formed from impairment in inventory value		(15 000 000)	(10 000 000)
Formed provisions	(33)	(97 000 000)	(40 000 000)
Total Expenses		**(695 919 280)**	**(494 971 911)**
Add:			
Dividends of associates companies	(35)	35 697 165	25 790 413
Credit interest		20 570 054	9 059 241
		56 267 219	**34 849 654**
Add/(Deduct):			
Capital gain		14 930	507 904
Differences on foreign currency valuation		202 678 513	81 618 707
Other income		3 130 612	3 761 177
Net profit for the period before taxes		**658 832 568**	**392 895 206**
Income tax for the period	(20)	(145 440 147)	(84 427 566)
Deferred tax – Asset (Liabilities)	(20)	2 510 006	454 725
Takaful Contribution	(34)	(6 621 202)	(4 540 513)
Profit for the period after tax		**509 281 225**	**304 381 852**
Distributed as follows:			
Profits of the holding company		463 410 134	283 257 628
The share of the holding company from associated company		45 242 015	20 834 506
Minority share of associated companies' profits		629 076	289 718
		509 281 225	**304 381 852**

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

Acting as chief financial officer	**Chairman and Managing Director**
Mohamed Taha Elswify	**Dr. Ahmed Said Mohamed Kilani**

محمد السويفي

Translation of Financial Statements
Originally Issued in Arabic

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDDUSTRIES - EIPICO
CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT
FOR THE PERIOD ENDED JUNE 30, 2023
(Amounts expressed in LE)

	30/06/2023 L.E	30/06/2022 L.E
Profit of the period	509 281 225	304 381 852
Differences on foreign currency valuation	--	--
Adjustments on joint venture share	--	--
Total of comprehensive income of the period	**509 281 225**	**304 381 852**

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

Acting as chief financial officer
Mohamed Taha Elswify

Chairman and Managing Director
Dr. Ahmed Said Mohamed Kilani

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDDUSTRIES - EIPICO

CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' EQUITY FOR THE FOR THE PERIOD ENDED JUNE 30, 2023

(Amounts expressed in LE)

Description	Paid -up Capital L.E.	Legal Reserve L.E.	General Reserve L.E.	Capital Reserve L.E.	Expansions Reserve L.E.	Retained Earning L.E.	Total equity of the holding company L.E.	Non-controlling rights L.E.	Total L.E.
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)	--	24 773	24 773
Transferred to reserves	--	--	--	--	--	(13 710 657)	(13 710 657)	(161 864)	(13 872 521)
Dividends "EIACO"	--	--	--	--	--	27 616 000	27 616 000	--	27 616 000
Net profit of the year	--	--	--	--	--	642 982 324	642 982 324	777 852	643 760 176
Balance as of 31/12/2022	**991 705 000**	**369 671 007**	**171 394 890**	**110 160 435**	**851 659 000**	**744 743 691**	**3 239 334 023**	**3 052 935**	**3 242 386 958**
Balance as of 1/1/2023	**991 705 000**	**369 671 007**	**171 394 890**	**110 160 435**	**851 659 000**	**744 743 691**	**3 239 334 023**	**3 052 935**	**3 242 386 958**
Distributed Dividends	--	--	--	--	--	(670 598 324)	(670 598 324)	(799 960)	(671 398 284)
Retained earnings	--	--	--	--	--	5 464 377	5 464 377	138 613	5 602 990
Adjustments of 2023	--	--	--	(90 000 000)	90 000 000	--	--	--	--
Transferred to reserves	--	32 254 607	--	--	300 000 000	--	332 254 607	38 893	332 293 500
Dividends "EIACO"						34 520 000	34 520 000	--	34 520 000
Net profit of the period	--	--	--	--	--	508 652 149	508 652 149	629 076	509 281 225
Balance as of June 30, 2023	**991 705 000**	**401 925 614**	**171 394 890**	**20 160 435**	**1 241 659 000**	**622 781 893**	**3 449 626 832**	**3 059 557**	**3 452 686 389**

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

Acting as chief financial officer

Mohamed Taha Elswify

Chairman and Managing Director

Dr. Ahmed Said Mohamed Kilani

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EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDDUSTRIES - EIPICO
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED JUNE 30, 2023
(Amounts expressed in L.E.)

	30/6/2023 L.E	30/6/2022 L.E
Cash flows from operating activities:		
Net profit for the period before tax	658 832 568	392 895 206
Adjustments:		
Fixed assets depreciation	50 730 296	48 499 011
Amortization of right of use assets	934 392	965 642
Formed from Expected credit losses	8 000 000	12 000 000
Formed from impairment in inventory value	15 000 000	10 000 000
Formed provisions	97 000 000	40 000 000
Used from impairment in inventory value	(5 889 718)	(8 853 246)
Used from provisions	(28 827 686)	(23 648 677)
Amortization of intangible assets	217 331	49 656
Credit interest	(18 663 057)	(8 489 486)
Dividends	(6 717 331)	(12 510 120)
Revaluation of investments	(28 979 834)	(13 280 293)
Debit interest	157 641 794	66 512 325
Capital gain	(14 930)	(507 904)
Differences on foreign currency valuation	(231 401 037)	(81 618 707)
Unusual items payments	(1 598 193)	(2 107 885)
Adjustments Retained earnings	34 520 000	--
	700 784 595	**419 905 522**
Change in account and notes receivables and other debit balances	(448 885 522)	(130 647 018)
Change in inventory	(126 765 703)	(195 850 120)
Change in suppliers and notes payables and other credit balances	(13 610 116)	(34 968 481)
Unusual items payments	1 598 193	2 107 885
Payment for leasing contracts	(1 201 410)	(1 097 042)
Payments Interest	(157 641 794)	(66 512 325)
Payments tax	(29 786 819)	(25 901 049)
Net cash flows from (used in) operating activities	**(75 508 576)**	**(32 962 628)**
Cash flows from investment activities:		
(Payments) for purchase fixed assets and projects under constructions	(1 549 090 027)	(136 598 441)
Proceeds from the sale of fixed assets	75 405	556 500
Collection Dividends	6 717 331	12 510 120
Collection interest	18 663 057	8 489 486
Net cash flows (used in) investment activities	**(1 523 634 234)**	**(115 042 335)**
Cash flows from financing activities:		
Dividends	(207 983 940)	(229 569 436)
Proceeds from credit banks	322 283 110	--
Proceeds from banks (loan and change of facilities)	(64 831 690)	(29 206 932)
Proceeds in loans (long-term)	1 410 185 883	531 422 891
Cash flows (used in) financing activities	**1 459 653 363**	**272 646 523**
Net change in cash and cash equivalents during the period	(139 489 447)	124 641 560
Cash and cash equivalents at the beginning of the period	482 969 378	311 587 051
Differences on foreign currency valuation	231 401 037	81 618 707
Cash and cash equivalents at the end of the period	**574 880 968**	**517 847 318**

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

Acting as chief financial officer
Mohamed Taha Elswify

Chairman and Managing Director
Dr. Ahmed Said Mohamed Kilani

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDDUSTRIES - EIPICO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED JUNE 30, 2023

1 BACKGROUND ABOUT SUBSIDARIES COMPANIES

The Egyptian International Company for Ampoules (EIPICO)
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 (EIPICO) - and the company's contribution to it was 98.63%, and the rest was 1.37% by other shareholders.
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 accordance 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.

Consolidation 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.

2.2 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 SIGNIFICANT ACCOUNTING POLICIES

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 <u>Intangible Assets</u>

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 <u>Projects under construction:</u>

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 <u>Leasing contracts</u>

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

<u>Lease Contract Obligations</u>

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.

<u>Right of use assets</u>

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.

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.

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.

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.

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.

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 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 concluded 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".

Initial recognition

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

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:

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.

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.

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.

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.

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.

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 correspond to the low-value asset function.

De-Recognition of Financial Assets

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.

Financial Obligations

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.

Classification And Subsequent Measurement

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.

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.

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.

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

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.

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.

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.

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.

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.

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.

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

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.

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

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

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.

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

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.
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.

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.

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

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:
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.

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.

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

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.

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.

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 equipment	Transportation and vehicles	Tools & equipment's	Furniture	Total
	L.E	L.E	L.E	L.E	L.E	L.E	L.E
Cost as of 1/1/2023	83 186 032	543 843 002	1 542 992 241	105 452 905	97 071 982	146 308 160	**2 518 854 322**
Additions during the period	--	--	17 394 457	826 844	3 798 002	1 846 115	**23 865 418**
Disposals during the period	--	(985 124)	(3 850)	--	(65 224)	(47 292)	**(1 101 490)**
Costs as of 30/6/2023	**83 186 032**	**542 857 878**	**1 560 382 848**	**106 279 749**	**100 804 760**	**148 106 983**	**2 541 618 250**
Accumulated Depreciation at 1/1/2023	--	266 648 127	1 016 637 536	92 689 690	74 545 357	98 419 505	**1 548 940 215**
Depreciation of the period	--	4 389 987	34 532 628	1 315 821	4 358 681	6 133 179	**50 730 296**
Accumulated of Disposals	--	(985 124)	(3 850)	--	(12 332)	(39 709)	**(1 041 015)**
Accumulated Depreciation at 30/6/2023	--	**270 052 990**	**1 051 166 314**	**94 005 511**	**78 891 706**	**104 512 975**	**1 598 629 496**
Net Cost in 30/6/2023	**83 186 032**	**272 804 888**	**509 216 534**	**12 274 238**	**21 913 054**	**43 594 008**	**942 988 754**
Net cost in 31/12/2022	**83 186 032**	**277 194 875**	**526 354 705**	**12 763 215**	**22 526 625**	**47 888 655**	**969 914 107**

5 RIGHT USE OF ASSETS (NET)

	30/06/2023 L.E. Buildings
Balance at the beginning of the period	3 703 952
Additions	--
Total cost at the end of the period	**3 703 952**
Total amortization at the beginning of the period	(1 868 782)
Amortization during the period	(934 392)
Total amortization at the end of the period	(2 803 174)
Net cost at the end of the period	**900 778**
Net cost at 31/12/2022	**1 835 170**

6 PROJECTS UNDER CONSTRUCTION

	31/12/2022	Additional during the period	Transferred to fixed assets	30/06/2023
	L.E.	L.E	L.E	L.E.
Buildings	--	--	--	--
Machines and equipment	60 731 953	20 812 404	(17 336 065)	64 208 292
Cars	176 535	1 546	--	178 081
Tools & equipment	6 026 066	10 346 164	(3 514 867)	12 857 363
Decoration	18 688 476	1 045 820	--	19 734 296
SAP program	718 641	17 811 580	(38 500)	18 491 721
Eipico 3	779 819 115	1 495 588 714	--	2 275 407 829
	866 160 786	**1 545 606 228**	**(20 889 432)**	**2 390 877 582**

Capitalized interests on projects under constructions amounted to 48 996 828 Egyptian pounds.

7 INTANGIBLE ASSETS (NET):

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.

	Good will L.E.	Programs L.E.	Total L.E.
Balance at 1/1/2023	370 000 000	3 532 086	373 532 086
Additions during the period		507 813	507 813
Total cost at 30/6/2023	**370 000 000**	**4 039 899**	**374 039 899**
Accumulated amortization at 1/1/2023	(370 000 000)	(1 965 046)	(371 965 046)
Amortization during the period	--	(217 331)	(217 331)
Total Accumulated amortization at 30/6/2023	**(370 000 000)**	**(2 182 377)**	**(372 182 377)**
Net cost at 30/6/2023	**--**	**1 857 522**	**1 857 522**

8 INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

8.1 Investments in subsidiaries

	30/6/2023 L.E.	31/12/2022 L.E.
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 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.

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.

EPICO-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.

8.2 Investments in associates

	30/6/2023 L.E.	31/12/2022 L.E.
Al-Batterjee Factory for Pharmaceuticals and Medical Supplies in Saudi Arabia	64 880 810	56 057 306
Medical Union Pharmaceuticals	290 934 869	296 284 727
	355 815 679	**352 342 033**

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 (NET):

	30/6/2023 L.E.	31/12/2022 L.E.
Materials	936 307 879	867 416 725
Fuels, oils and engines for operation	4 103 550	1 821 739
Spare Parts	122 696 407	116 827 052
Packing and warping material	557 001 232	422 815 833
Production in progress	200 459 505	234 804 124
Finished goods	326 861 090	240 072 146
Consignment goods	11 457 806	12 120 439
Letters of credit	188 326 659	324 570 368
Total	**2 347 214 128**	**2 220 448 426**
Impairment in inventory value (*)	(67 759 284)	(58 649 002)
Net	**2 279 454 844**	**2 161 799 424**

(*) Impairment in inventory value

	Cost at 1/1/2023 L.E	Formed during period L.E.	Used during period L.E.	Cost at 30/6/2023 L.E
Impairment in inventory value	58 649 002	15 000 000	(5 889 718)	67 759 284
	58 649 002	**15 000 000**	**(5 889 718)**	**67 759 284**

10 ACCOUNTS AND NOTES RECIEVABLE (NET):

	30/6/2023 L.E.	31/12/2022 L.E.
Trade Receivable- Domestic	372 914 609	370 551 238
Trade Receivable- Export	952 299 439	667 253 099
Notes Receivable	914 086 987	847 843 395
Total	**2 239 301 035**	**1 885 647 732**
Impairment of expected credit losses (customers) (*)	(99 225 088)	(91 225 088)
Net	**2 140 075 947**	**1 794 422 644**

(*) Impairment of expected credit losses (customers)

	Cost at 1/1/2023 L.E	Formed during period L.E.	Used during period L.E.	Cost at 30/6/2023 L.E
Impairment of expected credit losses (customers)	91 225 088	8 000 000	--	99 225 088
	91 225 088	**8 000 000**	**--**	**99 225 088**

11 DEBTORS AND OTHER DEBIT BALANCES:

	30/6/2023 L.E.	31/12/2022 L.E.
Insurance with others	8 490 435	6 864 564
advance payments (Taxes – insurance)	67 284 704	52 853 231
Advance payment suppliers	9 685 734	10 414 854
Suppliers (Debtors Balance)	9 666 992	6 636 382
Compensation Due from insurance company	2 641 285	12 700 979
Refund of customs duties owed (Adjudication)	6 044 228	6 044 228
Gas settlement	8 864 280	10 419 563
Other	38 962 912	24 635 415
	151 640 570	**130 569 216**

12 CASH AND CASH EQUIVALENT

	30/6/2023 L.E.	31/12/2022 L.E.
Cash in hand	33 441 160	7 446 492
Bank – Local currency	70 495 121	76 092 848
Bank – Foreign currency	42 794 443	16 017 866
Bank deposits – Local currency	1 862 737	43 973 237
Bank deposits– Foreign currency	418 313 416	321 620 000
Bank Masr day by day account	2 538 832	7 610 036
Treasury bills	5 435 259	10 208 899
Total	**574 880 968**	**482 969 378**

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

Shareholders	No. of Shares	Percentage %
Arab Company for Pharmaceutical Industries and Medical Appliances	49 585 095	50.00%
Medical Union investments	5 154 308	5.20%
Egyptian Medical Syndicate	3 468 990	3.50%
Other shareholders	40 962 107	41.30%
	99 170 500	**100%**

14 RESERVES

	31/12/2022	Additional (Deductions)	30/6/2023
	L.E	L.E.	L.E
Legal Reserves	369 671 007	32 254 607	401 925 614
General Reserves	171 394 890	--	171 394 890
Capital Reserves	20 160 435	--	20 160 435
Reserve for financing investment projects and expansions	941 659 000	300 000 000	1 241 659 000
Total	**1 502 885 332**	**332 254 607**	**1 835 139 939**

15 RETAINED EARNINGS

	30/6/2023
	L.E
The balance at 31/12/2022	74 145 367
Retained Earnings from dividends	5 464 377
Total	**79 609 744**

16 THE NET PROFIT OF PERIOD /YEAR

	30/6/2023	31/12/2022
	L.E	L.E
The net profit of the period / year after tax	508 652 149	642 982 324
Total	**508 652 149**	**642 982 324**

17 LONG TERM LOANS

	30/6/2023	31/12/2022
	L.E	L.E
QNB Al Ahli Bank – dollar	1 671 713 064	539 511 563
NBK – Local currency	114 239 716	123 354 000
NBK – Euro	108 997 236	72 753 600
NBK – Dollar	5 066 515	--
Banque du Caire – Dollar	209 396 063	--
Abu Dhabi Islamic Bank – local currency	36 392 452	--
Total	**2 145 805 046**	**735 619 163**

- Terms: for a period of seven years (two years of grace – five years of payment)
- Warranties: without guarantees.

18 LONG TERM FACILITIES

	30/6/2023 L.E	31/12/2022 L.E
QNB Al Ahli - dollar	11 680 491	55 480 181
National bank of Kuwait	--	21 032 000
	11 680 491	**76 512 181**

- Terms and Guarantees: at an interest rate of 8% and without collateral.

19 LEASE LIABILITY

	Total Contracts L.E.	Interest L.E.	Paid L.E.	Balance as of 30/6/2022 L.E.
Buildings	2 184 362	72 684	(1 274 094)	**982 952**
Total	**2 184 362**	**72 684**	**(1 274 094)**	**982 952**
Classified into:				
Short term Lease Liability				658 379
Long term Lease Liability				324 573
				982 952

20 DEFERRED TAX LIABILITIES

	30/6/2023 L.E	31/12/2022 L.E.
The balance of tax liabilities	64 886 420	65 502 703
Add/ (less):		
Deferred tax liabilities (severance allowance) of the period	(8 455 922)	(6 562 199)
The balance of tax liabilities	**56 430 498**	**58 940 504**

21 PROVISIONS

	31/12/2022	Transaction during the period		30/6/2023
		Add	Used	
	L.E	L.E	L.E	L.E
Other Provision	61 726 308	53 000 000	--	114 726 308
Provisions Claims	24 501 733	17 000 000	(10 244 238)	31 257 495
End of Services provision	29 165 326	27 000 000	(18 583 448)	37 581 878
Total	**115 393 367**	**97 000 000**	**(28 827 686)**	**183 565 681**

*****Formed Provision on June 30, 2023**

	30/6/2023	31/12/2022
Other Provision	53 000 000	32 000 000
Provisions Claims	17 000 000	47 000 000
End of Services provision	27 000 000	41 000 000
Total	**97 000 000**	**120 000 000**

22 CREDIT BANKS (FACILITIES)

	30/6/2023	31/12/2022
	L.E	L.E
Banque du Caire. Al-Azhar	298 644 631	235 065 228
Bank Bloom Egypt	5 048 175	7 238 976
QNB Al Ahli	199 347 277	469 014 627
Emirates National Bank of Dubai	195 679 150	90 379 155
Ahli United Bank	552 498 192	368 837 276
National bank of Kuwait	221 837 756	95 440 136
Suez Canal Bank	160 026 270	160 630 328
Abu Dhabi Islamic Bank	228 008 225	284 055 480
Al Baraka Bank Egypt	285 863 216	220 790 349
Egyptian Gulf Bank	66 984 582	--
QNB Al Ahli-USD	140 992 988	101 195 797
Total	**2 354 930 462**	**2 032 647 352**

- Terms and Guarantees: at an interest rate of 8% and without collateral.

23 SUPPLIERS AND NOTES PAYABLES

	30/6/2023	31/12/2022
	L.E	L.E
Local suppliers	20 531 282	67 040 370
Foreign suppliers	144 806 608	118 523 402
Notes Payables	23 741 315	14 682 093
Total	**189 079 205**	**200 245 865**

24 DIVIDENDS CREDITORS

	30/6/2023	31/12/2022
	L.E	L.E
Dividends Payable	100 056 893	--
Total	**100 056 893**	**--**

25 CREDITORS AND OTHER CREDIT BALANCES

	30/6/2023	31/12/2022
	L.E	L.E
Other creditors (insurance to others – social insurance)	31 186 064	26 607 836
Other creditors (tax authority)	22 093 756	20 347 202
Other creditors	5 759 367	3 894 042
Other credit balances	188 473 425	113 312 180
Accrued and Specialized current expenses	3 651 908	28 054 115
Advanced payment receivables-local	33 896	29 536
Total	**251 198 416**	**192 244 911**
Takaful Contribution	6 621 202	10 917 142
	257 819 618	**203 162 053**

26 ACCURRED INCOME TAX

	30/6/2023	31/12/2022
	L.E	L.E
Income Tax	97 785 409	106 817 993
Total	**97 785 409**	**106 817 993**

27 NET SALES "SALES REVENUE"

	30/6/2023	Percentage	30/6/2022	Percentage
	L.E.	%	L.E.	%
Direct local sales	491 326 615	21.77%	376 654 569	21.67%
Local sales "distributors"	839 505 881	36.86%	803 675 080	46.25%
(-) Incentives for local distributors	(45 000 000)	(1.98) %	(80 141 319)	(2.76) %
Local sales	203 050 628	9.05%	186 281 975	11.41%
Export	797 731 315	35.13%	465 516 702	23.70%
(-) Export distributors incentives	(18 796 253)	(0.83) %	(19 804 708)	(0.27) %
Total net sales	**2 267 818 186**	**100%**	**1 732 182 299**	**100%**
Other operating income	2 153 155		1 856 865	
Total sales revenue	**2 269 971 341**		**1 734 039 164**	

28 COST OF SALES:

	30/6/2023 L.E.	30/6/2022 L.E.
Cost of manufacture for sold production		
Salaries & Wages	136 071 734	117 476 682
Benefits " Treatment Expenses - Nutrition for workers expenses"	17 031 986	13 784 919
Social Insurance	16 423 565	13 916 886
Commodity supplies "Materials"	567 750 368	462 934 104
Commodity requirements "Packing and Packaging"	342 781 853	303 644 008
Commodity requirements " Spare Parts and Equipment"	30 852 121	35 056 544
Commodity supplies “Purchased for Sale”	--	15 950 376
Commodity requirements "fuel, oils, electricity, water and lighting"	45 692 856	41 047 583
Commodity supplies "stationery and stationery"	2 381 807	782 483
Service requirements " Maintenance Exp."	4 467 140	4 959 877
Service requirements "operations for others exp”	1 310 028	187 778
Service supplies "Experimental and research services"	1 355 465	1 388 506
Service requirements "transportation, transfers and travel allowance"	1 890 865	508 638
Service necessities "renting transportation"	585 814	381 075
Service necessities "Insurance expenses"	1 662 990	1 963 219
Service necessities "Daily workers"	2 607 624	2 040 503
Service requirements "other"	3 244 433	3 699 861
Taxes and duties	25 936	33 097
Depreciation	42 196 462	39 185 976
Actual Rent	12 959	--
(-) Sold production waste	(8 797 100)	(5 174 393)
Production cost	**1 209 548 906**	**1 053 767 722**
Add or (subtract):		
Change in inventory of finished and semi-finished cost	(32 238 139)	(86 858 233)
Cost of Sales	**1 177 310 767**	**966 909 489**

29 MARKETING EXPENSES:

	30/6/2023 L.E.	30/6/2022 L.E.
Salaries & Wages	122 653 450	107 197 741
Benefits " Treatment Expenses - Nutrition for workers expenses"	7 352 415	5 835 806
Social Insurance	15 418 643	12 725 942
Commodity supplies "marketing activities tasks"	3 107 528	6 955 441
Commodity supplies "packing and packaging materials"	841 657	1 125 876
Commodity requirements "fuel, oils, electricity and water"	7 060 532	7 209 684
Commodity supplies "stationery and stationery"	972 427	713 742
Service requirements "M. Maintenance"	1 760 117	1 614 582
Service supplies "seminars and conferences - marketing activities"	43 918 993	38 379 936
Service supplies "contribution to scientific offices"	2 997 500	2 197 633
Service requirements "transportation, transfers and travel allowance"	26 479 116	28 527 738
Service necessities "rental of vehicles"	136 860	196 129
Royalties	3 600 000	2 210 700
Shipping expenses	30 473 716	25 812 456
Selling insurance expenses	1 087 158	1 013 267
Insurance expenses "export"	3 217 693	1 908 084
Other insurance expenses	21 824	20 605
Free medical samples	2 385 617	2 772 620
Service requirements “others”	20 895 581	8 097 976
Merchandise taxes and fees	11 082 597	4 594 673
Depreciation of fixed assets	5 591 637	5 816 206
Actual rents	213 598	265 372
Total	**311 268 659**	**265 192 209**

30 RESEARCH & DEVELOPMENT EXPENSES:

	30/6/2023	30/6/2022
	L.E.	L.E.
Salaries & Wages	8 665 800	8 184 836
Benefits " Treatment Expenses - Nutrition for workers expenses"	588 565	457 355
Social Insurance	777 592	733 352
Commodity supplies "used materials"	2 538 079	2 435 540
Service requirements "M. Maintenance"	608 869	61 734
Service requirements "transportation, transfers and travel allowance"	124 559	78 078
Service necessities "rental of means of transport"	17 197	11 704
Service supplies "experiments and research"	6 920 680	9 483 497
Other services	1 068 965	347 883
Merchandise taxes and duties	423	1 017
Depreciation of fixed assets	929 705	805 608
Actual rents	426	319
Total	**22 240 860**	**22 600 923**

31 GERNERAL & ADMINSTRATIVE EXPENSES:

	30/6/2023	30/6/2022
	L.E.	L.E.
Salaries & Wages	47 128 933	36 543 911
Benefits " Treatment Expenses - Nutrition for workers expenses"	4 002 420	3 230 305
Social Insurance	4 316 700	3 059 006
Commodity supplies "used materials"	1 633 892	2 925 551
Service requirements "M. Maintenance"	366 575	591 108
Service requirements "transportation, transfers and travel allowance"	1 989 113	1 347 585
Service necessities "rental of vehicles"	128 290	86 744
Allowance for "technical - review - legal" committees	314 000	240 000
Other services	5 589 719	3 539 606
Merchandise taxes and duties	2 968	8 509
Dividend taxes	3 452 000	3 433 334
Depreciation of fixed assets	1 518 247	1 503 558
Actual rent	32 141	2 363
Donations	1 720 735	3 962 537
Compensation and fines for "delayed supplies"	1 799 580	--
property taxes	13 768	294 692
Total	**74 009 081**	**60 768 809**

32 FINANCING EXPENSES:

	30/6/2023	30/6/2022
	L.E.	L.E.
Debit Interest "Short term credit facilities"	157 641 794	66 512 325
Commission and bank charges	7 756 242	5 837 274
Check cutting fees	1 782 644	8 683 575
Finance cash discount	--	2 283 416
Total	**167 180 680**	**83 316 590**

33 FORMED PROVISIONS:

	30/6/2023	30/6/2022
	L.E.	L.E.
Other provisions	53 000 000	18 000 000
Provision claims	17 000 000	7 000 000
End of Services provision	27 000 000	15 000 000
Total	**97 000 000**	**40 000 000**

34 TAKFUL CONTRIBUTION:

	30/6/2023	30/6/2022
	L.E.	L.E.
Takful Contribution	6 621 202	4 540 513
Total	**6 621 202**	**4 540 513**

35 DIVIDENDS OF ASSOCIATES COMPANIES:

	30/6/2023	30/6/2022
	L.E.	L.E.
Saudi Batterjee Company (revaluation)	28 979 834	25 949 118
Medical union pharmaceuticals company (Profit and revaluation)	6 717 331	(158 705)
Total	**35 697 165**	**25 790 413**

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 subscription on a timely basis to the Qwesna Insurance Office according to the receipts indicating that.