

Mostafa Shawki

**EGYPT GAS COMPANY (S.A.E)**  
**FINANCIAL STATEMENTS**  
**TOGETHER WITH LIMITED REVIEW REPORT**  
**AS OF JUNE 30, 2023**

**mazars**

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## **LIMITED REVIEW REPORT**

**To The Board of Directors of Egypt Gas Co. (S.A.E)**

### **Introduction**

We have reviewed the accompanying statement of financial position of **Egypt Gas Co. (S.A.E)** as of June 30, 2023 and the related statements of income, comprehensive income, changes in owners' equity and cash flows for the six months period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with Egyptian Accounting Standard Number (30) relating to the preparation of interim financial statements. Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Limited Review Scope**

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

### **Basis for Qualified Conclusion**

The company evaluated its investments in associates using the equity method as of June 30, 2023, based on the financial statements of those companies as of December 31, 2022 (Note No. 7).

The company did not confirm all receivables balances, as well as debit balances and related parties balances as of June 30, 2023 (Note No. 10, 11, 12, 13, 18).

### **Qualified Conclusion**

Based on our limited review, except for the matters described in the third and the fourth paragraphs, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not give a true and fair view of the financial position of **Egypt Gas Co. (S.A.E)** as of June 30, 2023 and of its financial performance and its cash flows for the six months period then ended in accordance with Egyptian Accounting Standard Number (30) relating to the preparation of interim financial statements.

### Explanatory Paragraph

Without considering this a qualification, the company's extraordinary general assembly meeting held on March 18, 2023, agreed to increase the authorized capital from one billion Egyptian pounds to two billion Egyptian pounds, and to amend Article No. (6) of the company's articles of association., it also approved to amend Article No. (3) of the company's articles of association regarding the company's purpose. The minutes of the assembly and the amended Articles were documented, and on May 28, 2023, the company received the approval of the Securities Registration Committee to register the authorized capital increase and the amendment of the company's purpose, and on June 11, 2023, the company's investment prospectus was published in which included the articles amendment contract ( 3, 6) of the Company's Articles of Association (Note No. 21).

Cairo: August 15, 2023

Auditor

Dr. Ahmed Shawki

MAZARS MOSTAFA SHAWKI



**EGYPT GAS CO. (S.A.E)**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF JUNE 30, 2023**  
(Amounts expressed in Egyptian Pounds)

<u>Assets</u>	<u>Note No</u>	<u>30/6/2023</u>	<u>31/12/2022</u>
<b><u>Non- Current Assets</u></b>			
Fixed Assets (net)	(3)	383, 640, 014	402,623,112
Intangible assets (net)	(4)	6, 639, 981	4,726,115
Projects under construction	(5)	165, 232, 799	108,820,601
Employee housing loans	(6)	4, 976, 678	5,759,046
Investments in associates	(7)	3, 415, 571, 513	2,756,720,730
<b>Total Non- Current Assets</b>		<b>3, 976, 060, 985</b>	<b>3,278,649,604</b>
<b><u>Current Assets</u></b>			
Inventory (Net)	(8)	1, 848, 332, 215	1,659,229,354
work in progress	(9)	1, 278, 055, 477	1,151,858,696
Accounts and notes receivables (net)	(10)	1, 050, 947, 771	1, 005, 063, 612
Due from related parties- receivables net	(11)	923, 742, 265	2, 689, 777 288
Related parties - debit balances (net)	(12)	553, 421, 270	574,941,830
Debtors and other debit balances (net)	(13)	3, 108, 621, 546	1,999,394,499
Debit balances due from Tax authority	(14)	187, 454, 431	192,688,186
Deposits as collateral (net)	(15)	46, 747, 198	50,463,417
Cash at banks	(16)	100, 064, 242	322,530,243
<b>Total current assets</b>		<b>9, 097, 386, 415</b>	<b>9,645,947,125</b>
<b>Total assets</b>		<b>13, 073, 447, 400</b>	<b>12,924,596,729</b>
<b><u>Owners' equity</u></b>			
Issued and paid in capital	(21)	961, 482, 290	961,482,290
Reserves	(23)	1, 482, 032, 863	1,339,640,842
Retained earnings	(33)	33, 034, 963	7,864,266
Balances resulting from applying the equity method	(34)	1, 173, 285, 183	1,173,285,183
The company's share of other comprehensive income in the Associate companies	(35)	274, 393, 288	109,229,868
Net profit for the period / year		122, 811, 647	301,967,387
<b>Total Owners' equity</b>		<b>4, 047, 040, 234</b>	<b>3,893,469,836</b>
<b><u>Non- Current liabilities</u></b>			
Deferred tax liabilities	(22)	435, 384, 510	385,572,400
<b>Total Non- Current liabilities</b>		<b>435, 384, 510</b>	<b>385,572,400</b>
<b><u>Current Liabilities</u></b>			
Provisions	(17)	310, 471 605	237,362,515
Dividend payables		99, 999, 999	--
Related parties - credit balances	(18)	2, 745, 882, 187	3,422,603,497
Creditors and other credit balances	(19)	5, 422, 482, 165	4,966,962,667
Due to Tax authority	(20)	12, 186, 700	18,625,814
<b>Total current liabilities</b>		<b>8, 591, 022, 656</b>	<b>8,645,554,493</b>
<b>Total owner's equity and liabilities</b>		<b>13, 073, 447, 400</b>	<b>12,924,596,729</b>

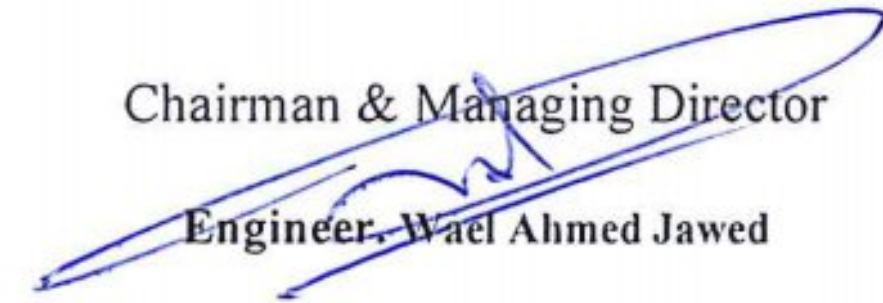
- The accompanying notes are an integral part of these financial statements.
- Limited Review Report attached.

Chairman's Assistant of the  
Financial Affairs  
Accountant. Tarik Farouk Sadiq



Chairman & Managing Director

Engineer. Wael Ahmed Jawed



**EGYPT GAS CO. (S.A.E)**  
**INCOME STATEMENT**  
**FOR THE PERIOD ENDED JUNE 30, 2023**  
**(Amounts expressed in Egyptian Pounds)**

	<u>Note No</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
Operating Revenues	(26)	2, 104, 821, 997	3,065,059,169
Operating Cost	(27)	(2, 328 693 365)	(3,052,534,929)
<b>Gross (Loss) Profit</b>		<b>(223, 871, 368)</b>	<b>12,524,240</b>
<b>(Deducting):</b>			
General & administrative expenses	(28)	(232, 160, 509)	(182,061,537)
Allowances for attendance and transfer of the board of directors		(844, 321)	(764,650)
Depreciation of fixed assets		(4, 550, 527)	(2,196,986)
Provisions Formed	(17)	(100, 000, 000)	(200,842,857)
Expected credit losses	(10,12,13)	(2, 966, 076)	(7,479,067)
Impairment of non-financial assets	(13)	(10, 068, 770)	(12,778,988)
Reverse of expected credit losses	(11,15,16)	2, 168, 658	5,445,915
<b>Net operating Loss</b>		<b>(572, 292, 913)</b>	<b>(388,153,930)</b>
<b>Adding (deducting)</b>			
Credit interest		5, 777, 595	4,588,646
Investment income using the equity method	(7,29)	680, 519, 693	499,494,325
Capital gains		469, 357	728,000
<b>Net operating profit</b>		<b>114, 473, 732</b>	<b>116,657,041</b>
Other income		8, 239, 294	5,086,626
Foreign exchange gain		30, 813, 361	6,747,663
<b>Net Profit for the period / year before Tax</b>		<b>153 526 387</b>	<b>128,491,330</b>
Investment tax	(30)	(25, 853, 300)	(17,974,668)
Income tax		(3, 000, 000)	(4,000,000)
Deferred tax	(22)	(1, 861, 440)	(2,995,333)
<b>Net Profit of the period/ year after Tax</b>		<b>122, 811, 647</b>	<b>103,521,329</b>
Earnings per share after tax and before dividends	(32)	1.28	1.08

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

Chairman's Assistant of the  
Financial Affairs  
Accountant, **Tarik Farouk Sadiq**

Chairman & Managing Director  
**Engineer. Wael Ahmed Jawed**

**EGYPT GAS CO. (S.A.E)**  
**COMPREHENSIVE INCOME STATEMENT**  
**FOR THE PERIOD ENDED JUNE 30, 2023**  
**(Amounts expressed in Egyptian Pounds)**

	<u>30/6/2023</u>	<u>30/6/2022</u>
Profit of the Period	122,811,647	103,521,329
<b><u>Items of other comprehensive income</u></b>		
The company's share of other comprehensive income in associates	213,114,090	76,145,360
Temporary differences in other comprehensive income of associates companies	<u>(47,950,670)</u>	<u>(17,132,706)</u>
<b>Total other comprehensive income</b>	<u>165,163,420</u>	<u>59,012,654</u>
<b>Total other comprehensive income for the period</b>	<u>287,975,067</u>	<u>162,533,983</u>

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

Chairman's Assistant of the  
Financial Affairs  
Accountant. Tarik Farouk Sadiq



Chairman & Managing Director  
Engineer. Wael Ahmed Jawed



**EGYPT GAS CO. (S.A.E)**  
**STATEMENT OF CHANGES IN OWNER'S EQUITY**  
**FOR THE PERIOD ENDED JUNE 30, 2023**

(Amounts expressed in Egyptian Pounds)

Note No.	Capital	Reserves	Retained Earnings	Balances from the implementation of owners' equity	Company share of comprehensive income of associate companies	net profit for the year/Period	Total
	480,000,000	498,300,661	(20,867,430)	1,173,285,183	50,217,214	165,828,629	2,346,764,257
(33)	--	--	2,607	--	--	--	2,607
(33)	--	--	63,644	--	--	--	63,644
(33)	--	--	(15,001,287)	--	--	--	(15,001,287)
	--	7,248,060	--	--	--	(7,248,060)	--
	--	500,000	--	--	--	(500,000)	--
	--	33,000,000	--	--	--	(33,000,000)	--
	--	850,037	--	--	--	(850,037)	--
(33)	--	--	20,867,430	--	--	(20,867,430)	(80,563,800)
(33)	--	--	22,799,302	--	--	(22,799,302)	--
	--	41,598,097	43,666,732	--	--	(165,828,629)	(80,563,800)
(35)	--	--	--	--	59,012,654	103,521,329	103,521,329
	--	--	--	--	59,012,654	--	59,012,654
	480,000,000	539,898,758	7,864,266	1,173,285,183	109,229,868	103,521,329	162,533,983
	481,482,290	--	--	--	--	--	2,413,799,404
	--	384,016,946	--	--	--	--	481,482,290
	--	415,725,138	--	--	--	--	384,016,946
	481,482,290	799,742,084	--	--	--	--	415,725,138
(35)	--	--	--	--	--	--	1,281,224,374
	--	--	--	--	59,012,654	198,446,058	198,446,058
	961,482,290	1,339,640,842	7,864,266	1,173,285,183	109,229,868	198,446,058	198,446,058
	961,482,290	1,339,640,842	7,864,266	1,173,285,183	109,229,868	301,967,387	3,893,469,836
	--	15,491,583	--	--	--	301,967,387	3,893,469,836
	--	500,000	--	--	--	(15,491,583)	--
	--	125,000,000	--	--	--	(500,000)	--
	--	1,400,438	--	--	--	(125,000,000)	--
(33)	--	--	(7,864,266)	--	--	(1,400,438)	--
(33)	--	--	33,034,963	--	--	(134,404,669)	(134,404,669)
	--	142,392,021	25,170,697	--	--	7,864,266	--
	--	--	--	--	--	(33,034,963)	--
	--	--	--	--	--	(301,967,387)	(134,404,669)
(35)	--	--	--	--	165,163,420	122,811,647	122,811,647
	--	--	--	--	165,163,420	--	165,163,420
	961,482,290	1,482,032,863	33,034,963	1,173,285,183	274,393,288	122,811,647	287,975,067
	--	--	--	--	--	122,811,647	4,047,040,234

Chairman's Assistant of the  
Financial Affairs  
Accountant. Tarik Farouk Sadiq

Chairman & Managing Director  
Engineer. Waad Ahmed-Jawed



**EGYPT GAS CO. (S.A.E)**  
**STATEMENT OF CASH FLOWS**  
**FOR THE PERIOD ENDED JUNE 30, 2023**  
**(Amounts expressed in Egyptian Pounds)**

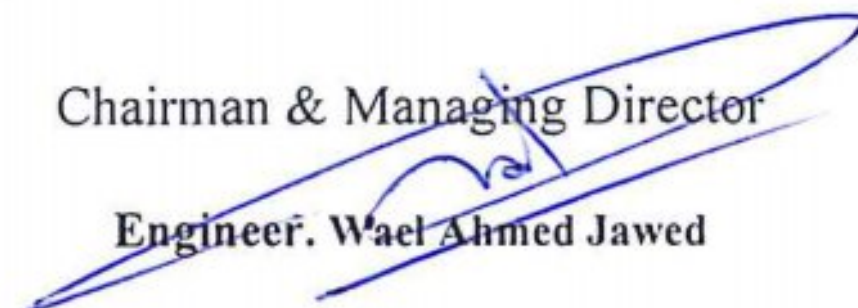
	<u>Note No.</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
<b>Cash Flows from Operating Activities</b>			
Net profit for the period before Tax		153, 526, 387	128,491,330
<b>Adjustments to reconcile net income with cash flows from operating activities</b>			
Depreciation & amortization	(3,4)	39, 722, 612	37,013,178
Investment income on an equity method	(29)	(680, 519, 693)	(499,494,325)
Bank interest – Credit		(5, 777, 595)	(4,588,646)
Capital gains		(469 357)	(728,000)
Formed provisions	(17)	100, 000, 000	200,842,857
Provision Used		(26, 890 ,910)	
Expected credit losses	(10,12,13)	2, 966, 076	7,479,067
Impairment of non-financial assets	(13)	10, 068, 770	12,778,988
Reverse of expected credit losses	(11,15,16)	(2, 168, 658)	(5,445,915)
Foreign exchange (losses) \ gain		(30, 813 361)	(6,747,663)
<b>Operating loss</b>		<b>(440 ,355, 729)</b>	<b>(130,399,129)</b>
Increase (Decrease) in inventory	(8)	(189, 102, 861)	(210,751,304)
(Increase) in project under construction	(9)	(126 ,196 ,781)	(148,969,112)
Decrease in Account receivable, note receivable and related parties.	(10,11)	1 ,718, 593, 092	49,315,030
Decrease (Increase) in due from related parties	(12,24)	37 ,474 ,459	(123,076,820)
Decrease (Increase) Deposits as collateral	(15)	3, 760, 898	(3,010,369)
Increase in debtors and other debit balances	(6,13)	(1, 119 466 143)	(979,920,722)
Decrease in Debit balances due from Tax authority	(14)	5 ,233, 755	6,200,102
Decrease in related parties-credit balances	(18)	(676 ,721 ,310)	595,384,539
Increase in creditors and other credit balances	(19)	455, 519, 498	886,135,661
Decrease in balances due to Tax Authority	(20)	(9 ,439 ,114)	74,570,696
<b>Net cash flows (used in) operating from operating activities</b>		<b>(340, 700, 236)</b>	<b>15,478,572</b>
<b>Cash Flows from Investing Activities</b>			
Proceed from employee housing loans	(6,13)	803 560	836,994
(payments) for purchasing fixed assets and Intangible Assets	(3,4)	(22, 653, 380)	(36,915,212)
Proceed from selling fixed assets		469 ,357	728,000
(payments) for projects under construction	(5)	(56, 412, 198)	(41,703,506)
Credit interest		5 ,777, 595	4,588,646
(Payments) for the purchase of financial investments		(23 ,750, 000)	(9,057,775)
Proceed from financial investment revenues		216 ,123 ,443	145,326,411
<b>Net cash flows from investing activities</b>		<b>120, 358, 377</b>	<b>63,803,558</b>
<b>Cash flows from Financing Activities</b>			
Dividends (Paid)		(34 ,404, 670)	(22,963,800)
<b>Net cash flows from (used in) financing activities</b>		<b>(34 ,404 ,670)</b>	<b>(22,963,800)</b>
Effect of change in foreign exchange rates		30 ,813, 361	6,747,663
Expected credit losses in cash and its equivalent		1 ,467 ,167	(35,268)
<b>Net change in cash and cash equivalents</b>		<b>(222, 466 ,001)</b>	<b>63,030,725</b>
<b>Cash and cash equivalents at the beginning of period</b>		<b>322, 530 ,243</b>	<b>196,218,088</b>
<b>Total Cash and cash equivalents at period end</b>	(16)	<b>100, 064, 242</b>	<b>259,248,813</b>

- The accompanying notes are an integral part of financial statement

Chairman's Assistant of the  
Financial Affairs  
Accountant. Tarik Farouk Sadiq



Chairman & Managing Director  
Engineer. Wael Ahmed Jawed



**EGYPT GAS Co. (S.A.E)**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED June 30, 2023**

**1. BACKGROUND**

**1/1 The legal entity of the company:**

The Natural Gas Projects Company (Egyptian joint stock company) was established under the Minister of Investment Affairs and International Cooperation No. (142) for the year 1983 and under the provisions of Law No. (43) of 1974 with the Arab and Foreign Money Investment Regulation and Free Zones amended by Law No. (32) of 1977 and its regulations, Law No. (230) of 1989 and its amendments, Law No. (8) of 1998 for issuing the Investment Guarantees and Incentives Law and its amendments, and the applicable external laws without prejudice to the provisions of Law No. (159) for the year 1981 and its amendments and regulations.

**1/2 the purpose of the company**

Carrying out natural gas projects, establishing, operating, managing and owning gas pipelines, facilities, utilities, systems and all equipment in accordance with the provisions of the law.

Several amendments have been made to the company's articles of association, whether with regard to the purpose, names or capital, and the name of the company has become (Egypt Gas Company) an Egyptian joint stock company instead of the Natural Gas Projects Company (an Egyptian joint stock company).

**1/3 Duration of the company**

The duration of the company is 25 years starting from September 4, 2008 which represents the second renewal period.

**1/4 Registration in the Commercial Register**

The company was registered in the Commercial Register under No. (117267) on February 18, 2018.

**1/5 The Egyptian Stock Exchange**

The Securities Listing Committee of the Cairo and Alexandria Stock Exchanges approved the listing of the company's shares on April 7, 1992.

**1/6 Board of directors' approval of the financial statements**

The company's periodic financial statements for the financial period ending on June 30, 2023 were approved by the company's board of directors on 15, August 2023.

**2. The most important accounting policies used**

The following is a summary of the most important accounting policies used which consistently applied during the period under review.

**2.1 Basis of financial statements preparation:**

The financial statements are prepared according to the historical cost principle and according to the Egyptian accounting standards and in the light of the Egyptian laws and regulations.

## **2.2 Foreign Currency Translation:**

The financial statements are prepared and presented in Egyptian pounds, which is the company's dealing currency. Transactions in foreign currencies are recorded using the exchange rate effective on the date of the transaction, and on the date of each balance sheet:

(a) Monetary items denominated in a foreign currency are translated using the closing rate and the currency differences are included in the income statement.

(b) Items of a non-monetary nature that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction.

(c) Non-monetary items carried at fair value in a foreign currency are translated using the exchange rates prevailing at the time the fair values were determined.

## **2.3 Estimates and Assumptions:**

The preparation of financial statements in accordance with Egyptian Accounting Standards requires management to use personal judgment, estimates and assumptions that affect the application of policies and presented values of assets, liabilities, revenues and expenses. subjective judgment about the carrying amounts of assets and liabilities more clearly than from other sources, and actual results may differ from those estimates.

The estimates and related assumptions are reviewed periodically.

A change in accounting estimates is recognized in the period in which the estimate is changed if the change affects only this period, or in the period of the change and future periods if the change affects both.

## **2.4 Fixed Assets & Depreciation:**

Fixed assets are recorded at historical cost, and depreciable fixed assets are depreciated using the straight-method as follows:

<u>Assets</u>	<u>Depreciation rate inside Egypt</u>	<u>Depreciation rate outside Egypt</u>
Buildings and constructions	5%-10%	15%
Machinery and equipment	10%	15%
Means of transportation	10%	15%
Tools	20%	25%
Office furniture and equipment	10%-25%	15%-35%

When calculating the residual value of assets that have not been completely depreciated, the residual value should be depreciated in a regular manner over the remaining useful life of the asset.

### **2/4/1 First recognition and measurement**

Cost includes the direct costs attributable to acquiring the asset, and for assets that are constructed internally, the cost of the asset includes the cost of materials and other direct labor required to bring it to a working condition in the location and for the purpose for which it was acquired, as well as the costs of removing it and restoring the site on which it is located of these assets.

Expenses are charged with the value of tools and equipment which value is less than 1,500 Egyptian pounds, according to the approval of the Board of Directors.

The components of an item of fixed assets that have different useful lives are accounted for as independent items within those fixed assets.

### **2/4/2 Subsequent costs of acquisition**

The book value of fixed assets includes the cost of replacing part or component of those assets when it is expected to obtain future economic benefits as a result of spending that cost, and the cost can be measured with a high degree of accuracy, Other costs are recognized in the income statement as expenses when incurred

## **2.5 Decrease in the value of assets**

The book value of the owned assets is reviewed on the date of preparing the financial statements to determine whether there are any indications of a decline in their value, and in the event that such indicators exist, the necessary studies are prepared to determine the expected recovery value of these assets.

The assets are recognized at the expected recoverable value, and the difference between the book value and the recoverable value is charged to the income statement. The recoverable value of the asset or the cash-generating unit is its use value or its fair value less selling costs, whichever is greater. The expected future cash flows are discounted to reach the present value using a discount rate that reflects the current market assessment of the time value of money and the risks associated with the asset.

## **2.6 Intangible assets:**

Intangible assets acquired individually are initially recognized at cost.

After initial recognition, intangible assets are recorded at cost less accumulated depreciation and accumulated impairment losses.

The intangible assets generated internally are not capitalized as an asset, and the expenses are recognized in the statement of profits or losses in the year in which the expenses were spent.

The useful life of intangible assets is defined as finite life or indefinite life.

Intangible assets with specified useful lives are depreciated over the economic life of the asset, and a measurement for impairment test is made when there is an indication of the impairment of the asset. The amortization period and the amortization method for an intangible asset with a definite life are reviewed at least at the end of each fiscal year. Intangible assets are the licenses of the SABB program, and they are depreciated using the straight-line method according to their useful life.

## **2.7 Projects under construction:**

Projects in progress are recorded at cost according to the first measurement. The cost includes all directly related expenses necessary to prepare the asset to the state in which it is operated and for the purpose for which it was acquired. Projects under construction are transferred to the item of fixed assets when the asset is available for operation in the purpose for which it was acquired. Projects under construction are evaluated in financial statement date at cost, less impairment losses, if any.

## **2.8 Investments:**

### **2.8.1 Financial investments at fair value through comprehensive income**

Financial investments at fair value through other comprehensive income are represented by the company's shares in the capital of other companies at a rate that does not allow it to influence them, and according to the company's business model, they are evaluated at fair value through other comprehensive income. These investments are recorded at acquisition cost and subsequently measured at fair value through the other comprehensive income statement. When there is impairment in the value of equity instruments valued at fair value through other comprehensive income, this impairment is not recognized in profits and losses and is recognized within equity. When an instrument is excluded from equity instruments, its accumulated amount in other comprehensive income is transferred to retained earnings.

### **2.8.2 Investments in associate company**

Investments in associate companies are investments in companies in which the company has significant influence, but neither subsidiary nor and interest in a joint venture significant influence is presumed when the company owns, directly or indirectly through its subsidiaries, 20% or more of the voting rights. In the investee company, except in cases where it is clear that such ownership does not represent significant influence.

The investment in the associate companies is calculated using the equity method, where the investment in the associate company is recognized upon acquisition at cost, and the investment is increased or decreased to recognize the company's share of the profits or losses of the associate company after the date of acquisition, and the company's share in the profits or losses of the associate companies is recorded in the income statement. The investment balance is reduced by the value of the dividends obtained from the associate company, and the company's share in the other comprehensive income items of the associate companies is recorded within the company's other comprehensive income items. for each investment separately.

## **2.9 Inventory:**

Inventory is valued based on cost or net realizable value, whichever is less, in accordance with Egyptian Accounting Standard No. (2), and the cost has been calculated on a weighted average basis.

## **2.10 Provision:**

Provisions for liabilities are recognized when the company has a legal or constructive obligation as a result of past event and it is probable that an outflow of economic benefit will be required to settle the obligation and the liability can be reliably estimated. Where the effect of the time value of money is material, the amount of a provision should be estimated by discounting future cash flows using a discount rate before tax which reflects the current estimate of the time value of the money and the risk related to the obligation. Provisions are reviewed at the financial position date and adjusted to reflect the current best estimate.

## **2.11 Financial Instruments Egyptian Accounting Standard No. (47):**

Egyptian Accounting Standard No. (47) Financial Instruments was generally applied retrospectively without adjusting the comparative numbers, and the adjustments and adjustments resulting from the new measurement model for impairment losses in the value of financial assets were not recognized in the statement of financial position on December 31, 2020. Instead, they were recognized on Statement of financial position in the opening balance of retained earnings on January 1, 2021.

Classification of financial assets on the basis of their measurement - later - either at amortized cost, or at fair value through other comprehensive income, or at fair value through profit or loss, depending on each of the following:

- (a) The business model to manage the assets of the entity
- (b) the contractual cash flow characteristics of the financial asset

All financial liabilities are classified as being measured - later - at amortized cost, with the exception of following:

- (a) financial liabilities at fair value through profit or loss
- (b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.
- (c) Financial guarantee contracts.
- (d) Commitments to provide a loan at a below-market rate of interest.

(G) The contingent consideration that was recognized by the acquiring entity as part of a business combination to which the Egyptian Accounting Standard No. (29) applies

On initial recognition, measure the financial asset or financial liability at its fair value plus or subtract, in the case of a financial asset or financial liability not at FVTPL, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. This excludes amounts due from commercial debtors.

After initial recognition, the entity shall measure the financial asset in accordance with the following paragraphs:

- (a) Amortized cost or
- (b) fair value through other comprehensive income or
- (c) fair value through profit or loss.

After initial recognition, the entity shall measure the financial liability using the amortized cost method.

The model of realized losses in measuring the impairment of financial assets has been replaced by models of expected losses, which requires measuring the impairment of all available financial assets measured at amortized cost and financial instruments that are measured at fair value through other comprehensive income from the moment of initial recognition, regardless of the existence of an indication of the occurrence of a loss.

Impairment of financial assets should be measured using the expected credit loss models of the financial instrument in a way that reflects:

- an unbiased, probability-weighted amount determined by evaluating a range of possible outcomes,
- time value of money (and)
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and expectations about future economic condition.

### **2/12- Revenues from Contracts with Customers Egyptian Accounting Standard No(48).**

The Egyptian Accounting Standard No. (48) replaced the Egyptian Accounting Standard No. (8) "Construction Contracts" and the Egyptian Accounting Standard No. (11) "Revenues." The standard was applied in January 1, 2021. The new revenue standard introduces the use of the control model to recognize revenue instead of the benefit and risk model.

The additional costs of obtaining a customer contract are recognized as an asset if the facility expects to recover those costs, as well as the recognition of the costs of fulfilling a contract as an asset when specific conditions are met.

The company recognizes revenue from contracts with customers on the basis of a five-step model as specified in the mentioned standard:

Step 1: Define the contract(s) with the customer: A contract is defined as an agreement between two or more parties that establishes enforceable rights and obligations and specifies the criteria that must be met for each contract.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration that the company expects to receive in exchange for the transfer of goods or services promised to the customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that includes more than one performance obligation, the Company will allocate the transaction price to each performance obligation in an amount that specifies the amount of contract consideration that the Company expects to receive in return for satisfying each performance obligation.

Step 5: Revenue is recognized when (or whenever) the entity satisfies a performance obligation.

## **2/13- Investment revenues**

### **2/13/1 Revenue measurement**

The company uses the most recent financial statements available for the associate companies in applying the equity method.

### **2/14- Working in progress.**

Projects work in progress are charged at all costs to the operations until they are fully prepared and delivered to the customer, and when the revenue is recorded, its related costs is added to the item of activity costs in the income statement, in accordance with Egyptian Accounting Standard No. (48) Revenue from Contracts with Customers

## **2/15- Reserves**

### **2/15/1 The legal reserve**

According to the Companies Law No. 159 of 1981 and the Articles of Association of the company, an amount equivalent to 5% of the profits is set aside to form the legal reserve, and this set aside stops when the reserve reaches 50% of the company's issued capital. The legal reserve may be used to cover the company's losses and to increase the capital.

### **2/15/2 Reserve for financing gas projects**

Reserves are consolidated in accordance with Article No. (8) of Law No. 217 of 1980 regarding natural gas, which stipulates "withholding a percentage of the annual distributable profits up to a maximum of 50% as a reserve for financing natural gas projects" and Article No. (51) of the company's articles of association and paragraph Fifth of Article No. (196) of the executive regulations of Law (159) of 1981.

### **2/15/3 General reserve**

It was formed based on the decisions of the General Assembly in application of the fifth paragraph of Article No. (196) of the executive regulations of Law (159) of 1981 and Article No. (51) of the company's articles of association.

### **2/15/4 capital reserve**

It was formed based on the decisions of the General Assembly in application of the fifth paragraph of Article No. (196) of the executive regulations of Law (159) of 1981 and Article No. (51) of the company's articles of association, and it is supported by capital profits gains, if any.

## **2/16- Capital commitments to purchase fixed assets**

The company is committed to applying Paragraph No. (3) of Article No. (26) of the company's articles of association in capital commitments to purchase assets with a maximum of 30 million Egyptian pounds per year, and anything in excess of that is presented to the company's board of directors.

## **2/17- Income and deferred taxes**

It includes income taxes and deferred taxes on current and deferred tax profits and losses. Income taxes are recognized in the income statement, except for taxes related to items directly recognized in shareholders' equity, in which case they are recognized within shareholders' equity.

The current tax is the expected tax on the taxable profit for the year using the tax rates in force at the date of the financial statements and any settlement of the tax due for previous years.

The balance sheet liability method is used for deferred tax, considering the expected differences between the carrying amounts of assets and liabilities for the purposes of the

financial statements and for the amounts used for tax purposes. Deferred tax is measured using the tax rates enacted at the balance sheet date.

A deferred tax asset is recognized if a future taxable profit is expected to be available against the use of the asset. Deferred tax assets are reduced to the extent that it is not expected that the related tax benefit will be realized.

**2/18- Cash and cash equivalents**

For the purposes of preparing the statement of cash flows, cash and cash equivalents include bank and treasury cash balances and time deposits that mature within three months.

**2/19- Debtors and other debit balances**

Debtors are recorded at nominal value less any amounts expected not to be collected, and classified under current assets.

**2-20 Creditors and other credit balances**

Creditors and other credit balances are stated at cost.

**2/21- Periodic statements**

The periodic financial statements are prepared with the same financial policies applied when preparing the annual financial statements, with the exception of the accounting policies that were changed after the last annual financial statements were issued, which will be reflected in the following annual financial statements in accordance with Paragraph (28) of Egyptian Accounting Standard No. (30 – Interim Financial Statements).

**2/22- Credit interest**

Credit returns are recognized on an accrual basis, according to the declared interest rate, and are included in the income statement for the period during which they are due.

**2/23- symbiotic contribution**

The provisions of Law No. (2) of 2018 issuing the Comprehensive Health Insurance System (Symbiotic contribution) shall be applied as of its effective date on July 12, 2018, on all individual and legal establishments, whatever their nature or the legal system they are subject to.

**2/24- Gas Regulatory Authority**

The company is subject to Law No. 196 of 2017 regarding the regulation of gas market activities issued on August 1, 2017, and its executive regulations for the law referred to in Prime Minister Decision No. 239 of 2018 dated February 14, 2018.



### 3. FIXED ASSETS (NET)

Fixed assets (net) as of June 30, 2023 are represented in the following:

<u>Cost</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
	Land	Building and rest houses	Office Equipment	transportation and transfer	Vehicles	Office Furniture	Total	
Cost at January 1, 2023	34,566,937	113,949,199	316,514,805	164,010,360	172,859,569	90,480,989	892,381,859	
Additions	--	1,962,701	9,694,508	2,907	658,466	7,738,140	20,056,722	
Disposals	--	--	(888,193)	(121,700)	(148,638)	(1,710,098)	(2,868,629)	
<b>Cost at June 30, 2023</b>	<b>34,566,937</b>	<b>115,911,900</b>	<b>325,321,120</b>	<b>163,891,567</b>	<b>173,369,397</b>	<b>96,509,031</b>	<b>909,569,952</b>	
Account Depreciation dep at January 1, 2023	--	(61,316,928)	(154,242,550)	(94,938,805)	(128,276,170)	(50,984,294)	(489,758,747)	
Depreciation for the period	--	(2,166,694)	(14,736,963)	(5,408,873)	(11,240,034)	(5,487,256)	(39,039,820)	
Account Depreciation of Disposals at June 30, 2023	--	--	888,193	121,700	148,638	1,710,098	2,868,629	
<b>Account Depreciation at June 30, 2023</b>	<b>--</b>	<b>(63,483,622)</b>	<b>(168,091,320)</b>	<b>(100,225,978)</b>	<b>(139,367,566)</b>	<b>(54,761,452)</b>	<b>(525,929,938)</b>	
<b>Net cost at June 30, 2023</b>	<b>34,566,937</b>	<b>52,428,278</b>	<b>157,229,800</b>	<b>63,665,589</b>	<b>34,001,831</b>	<b>41,747,579</b>	<b>383,640,014</b>	

Fixed assets were added to gradually replace the depreciated assets by book to preserve the productive assets until **June 30, 2023** at an amount of 249,257,286 Egyptian pounds.  
All fixed assets are exploited and operational.

Building and rest houses	34,141,603
Office Equipment	53,584,134
Transportation and Transfer	57,256,859
Vehicles	71,862,559
Office Furniture	32,412,131
	<b>249,257,286</b>

- ❖ Fixed assets have been added to gradually replace the perishable assets by book to preserve the productive assets until June 2023 at an amount of 20,056,722 L.E
- ❖ All fixed assets are exploited and operational

Fixed assets (net) in December 31, 2022 the balance sheet is represented in the following:

<u>Cost</u>	<u>Land</u>	<u>Building and rest houses</u>	<u>Office Equipment</u>	<u>transportation and transfer</u>	<u>Vehicles</u>	<u>Office Furniture</u>	<u>Total</u>
Cost at January 1, 2022	34,566,937	113,062,746	291,517,755	161,886,851	155,161,466	76,530,396	832,726,151
Adjustment	--	--	--	--	5	--	5
Additions	--	897,203	25,960,418	4,277,645	18,211,437	14,057,713	63,404,416
Disposals	--	(10,750)	(963,368)	(2,154,136)	(513,339)	(107,120)	(3,748,713)
<b>Cost at December 31, 2022</b>	<b>34,566,937</b>	<b>113,949,199</b>	<b>316,514,805</b>	<b>164,010,360</b>	<b>172,859,569</b>	<b>90,480,989</b>	<b>892,381,859</b>
Account Depreciation at January 1, 2022	--	(57,102,141)	(128,006,307)	(84,846,236)	(105,380,203)	(42,177,811)	(417,512,698)
Adjustments	--	15	(10,944)	(14,816)	11,657	(4,478)	(18,566)
Dep. for the year 2022	--	(4,225,552)	(27,188,667)	(12,231,889)	(23,420,914)	(8,909,125)	(75,976,147)
Account Depreciation of Disposals at 2022	--	10,750	963,368	2,154,136	513,290	107,120	3,748,664
<b>Account Depreciation At Dec 31, 2022</b>		<b>(61,316,928)</b>	<b>(154,242,550)</b>	<b>(94,938,805)</b>	<b>(128,276,170)</b>	<b>(50,984,294)</b>	<b>(489,758,747)</b>
<b>Net cost at December 31, 2022</b>	<b>34,566,937</b>	<b>52,632,271</b>	<b>162,272,255</b>	<b>69,071,555</b>	<b>44,583,399</b>	<b>39,496,695</b>	<b>402,623,112</b>

#### 4. INTANGIBLE ASSETS (NET)

The balance of intangible assets (net) as of June 30, 2023 is as follows:

	<u>30/6/2023</u>	<u>31/12/2022</u>
	<u>LE</u>	<u>LE</u>
Net Intangible assets at the beginning of the period / year	6, 579, 684	4,718,489
Additions during the period / year	2, 596, 658	1,861,195
<b>Cost at the end of the period/year</b>	<b>9, 176, 342</b>	<b>6,579,684</b>
Accumulated amortization at the beginning of the period/ year	(1, 853, 569)	(707,773)
Amortizations during the period/ year	(682, 792)	(1,145,796)
<b>Accumulated Amortizations at the end of the period/year</b>	<b>(2, 536, 361)</b>	<b>(1,853,569)</b>
<b>Net Intangible assets at the end of the period/ year</b>	<b>6, 639, 981</b>	<b>4,726,115</b>

#### 5. PROJECTS UNDER CONSTRUCTION

The Projects under construction of June 30, 2023 represented as follows:

##### Investment configuration- buildings

	<u>30/6/2023</u>	<u>31/12/2022</u>
	<u>L.E</u>	<u>L.E</u>
- Construction of additional stores - Abu Rawash	86, 011, 394	42,369,086
- New Salhia Administrative Headquarters (Al Sharqia)	185, 725	185,725
- Quesna administrative headquarters (Menofia)	3, 835, 853	3,835,853
- An administrative headquarters to serve Al-Shorouk customers	5, 738, 750	5,738,750
- Construct of an archive to store document – 10 <sup>th</sup> Ramadan	--	804,971
- Developing the caravans of the administrative building in Almaza	206, 250	--

##### Investment configuration - equipment

- System Project (E R P)	35, 983, 818	31,792,091
- A project to develop 2 date rooms	4, 331, 250	4,331,250
- Advance payments to purchase fixed assets	28, 939, 759	19,762,875
<b>Total</b>	<b>165, 232, 799</b>	<b>108,820,601</b>

#### 6- Employees housing loans

The balance of employees housing loans as of June30, 2023 amounted to 4, 976, 678 Egyptian pounds, which is the value of loans granted to the company's employees without interest to obtain housing units, and the payment is made in monthly installments, with a maximum of 180 installments.

## 7-INVESTMENTS IN ASSOCIATES

Company Name	Paid capital		Share percentage	balance in 1/1/2023 L.E	Investment income L.E	income from investments in associate companies according to the equity method L.E	The company's share of comprehensive income L.E	Total L.E	dividends L.E	balance as of 30/6/2023 L.E
	USD	AED								
Natural Gas for Cars Company (Car gas)	--	--	%40	50,962,294	--	3,079,451	--	54,041,745	--	54,041,745
Sianco - Egyptian Co. For Appliances Maintenance	--	--	%20	13,677,391	--	1,996,079	273,138	15,946,608	(600,000)	15,346,608
Castec - Egyptian International Gas Technology Co	--	--	%10	36,611,053	--	15,195,410	--	51,806,463	--	51,806,463
Egyptian Natural Gas Company (GASCO)	--	--	%15	2,112,277,341	--	597,432,689	215,770,224	2,925,480,254	(225,000,000)	2,700,480,254
petromaint.net - Alexandria Petroleum Maintenance	--	--	%15.08	95,351,824	--	(11,828,018)	(2,929,272)	80,594,534	(408,000)	80,186,534
The Egyptian Company for Butane Gas Distribution (Butagasco)	--	--	%27	36,991,862	--	2,438,564	--	39,430,426	(1,350,000)	38,080,426
Town Gas - Egyptian Co. For Natural Gas	--	--	%41	99,667,649	--	27,177,192	--	126,844,841	(8,200,000)	118,644,841
Petrotrade For Petroleum Services	--	--	%25	71,485,590	--	35,316,914	--	106,802,504	(12,500,000)	94,302,504
Junon Gas	--	10,000,000	%49	--	--	--	--	--	--	--
Egypt Gas Company George Fisher Course	--	--	%25	61,250,000	23,750,000	--	--	85,000,000	--	85,000,000
The Egyptian Bioethanol Company	40,000,000	--	%15	60,117,000	--	--	--	60,117,000	--	60,117,000
The Egyptian Company for Energy & Cooling Projects (Gascool)	--	--	%20.95	118,328,726	--	9,711,412	--	128,040,138	(10,475,000)	117,565,138
<b>Total investments in associates</b>				<b>2,756,720,730</b>	<b>23,750,000</b>	<b>680,519,693</b>	<b>213,114,090</b>	<b>3,674,104,513</b>	<b>(258,533,000)</b>	<b>3,415,571,513</b>

1\*The Board of Directors of the company approved the amendment of Board of Directors Decision No. (12) in Session No. (5) for the year 2019 approving the purchase of 11% of the share of the Egyptian Natural Gas Company (GASCO) in the capital of the Egyptian Company for the Distribution of Natural Gas to Cities (Town Gas) Of the total ownership rights of Town Gas Company on December 31, 2018, at a value of 19.4 million Egyptian pounds, provided that its value is paid by deduction from the share of Egypt Gas Company in the annual dividends of Town Gas Company, so that the percentage of Egypt Gas Company's contribution to the capital of Town Gas Company is 41%, and it has been completed Transfer of ownership on March 2, 2020.

2\*The Board of Directors, in its session No. (11) for the year 2019, held on November 25, 2019, approved the contribution to Egypt Gas Company George Fisher Corse by 25%, and on November 26, 2019, the shareholders agreement was signed to establish a company for the production of PE (polyethylene) pipes, and the capital will be The issuer and advertiser of the company, with a value of 340 million Egyptian pounds, divided into 340,000 ordinary shares, with a nominal value of 1,000 Egyptian pounds per share

3\*The Board of Directors approved, in its session No. (1) for the year 2020, held on January 21, 2020, to contribute to the establishment of a joint stock company for the production of bioethanol from molasses by 15% of the capital. The issued and declared capital of the company is \$40 million, divided into 800,000 shares with a value of The nominal value per share of 50 US dollars

## 8- INVENTORY (Net)

The inventory balance (net) as of 30 June 2023 is as follows:

	<u>30/6/2023</u> <u>L.E</u>	<u>31/12/2022</u> <u>L.E</u>
Adjustments on the balance of the beginning of the period	--	21,168
Martials spare parts	1, 568, 018, 349	1,324,592,924
	55, 244, 636	61,678,792
<b>Less:</b>	<u>1, 623, 262, 985</u>	<u>1,386,292,884</u>
Impairment in inventory	(5, 055, 945)	(5,055,945)
	<u>1, 618, 207, 040</u>	<u>1,381,236,939</u>
<b>ADD:</b>		
Letters of credit	230, 125 ,175	277,992,415
	<u>1, 848, 332, 215</u>	<u>1,659,229,354</u>

## 9- Work in progress

The balance of work-in-progress as of June 30, 2023 amounted to 1.278.055.477 Egyptian pounds, which is the value of the company's costs of delivering gas to homes in the central Delta and other regions without any revenues generated from these costs.

## 10-ACCOUNTS AND NOTES RECEIVABLES (NET)

The balance of accounts and notes receivable (net) as of June 30, 2023 is as follows:

	<u>30/6/2023</u> <u>L.E</u>	<u>31/12/2022</u> <u>L.E</u>
The General Petroleum Company	144, 993, 832	84,180,993
Belayiem petroleum company (Petrolbel)	71, 440, 903	32,821,300
GIUPCO - Gulf of Suez Petroleum Co.	51, 367, 975	43,485,707
COOP - Cooperative of Petrol	25, 836, 415	11,957,880
Home clients	1, 901, 006	1,984,000
Other clients	195, 844, 264	166,437,190
National Service Projects Organization (Armed Forces)	7, 923, 110	8,065,460
Norpetco	2, 688, 213	1,688,523
General Petroleum Company	11, 486, 677	10,264,717
Territorial gas	34, 689, 180	34,689,180
External projects	38, 649, 208	21,344,626
Petrojet Company	2, 088, 971	2,088,971
SUEZ oil Company (SUCO)	13, 086, 783	11,220,864
El Nouran Sugar	4, 89,8 452	4,048,152
Amal Petroleum Company	4, 364, 145	994,064
The administrative capital	162, 288, 850	194,962,828
El sherouk City Authority	2, 870, 000	2,162,281
United Gas Derivatives	4, 831, 604	9,182,140
Khalda Petroleum	12, 889, 215	16,551,832
Pharaonic Co.	28, 286	928,783
Burullus Gas	4, 323, 021	14,269,429
Petrochemicals	106, 094, 036	127,761,185
Modern Gas	60, 790, 878	66,790,677
Gemsa Petroleum	7, 447, 149	7,239,990
Fayum Gas	3, 503, 445	3,295,088
Maya Gas	2, 364, 714	5,219,409
El Wastani Petroleum	34, 691	34,758
Social housing, Dar Misr, Communities Authority	23, 236, 565	28,462,804
El Nile Petroleum Marketing	52, 126, 359	65,863,402
Amriya petroleum	30, 096, 921	47,107,639
Misr petroleum.	11, 638, 451	11,475,090
<b>Total</b>	<u>1, 095, 823, 319</u>	<u>1, 036, 578, 962</u>
	<u>(58,716,744)</u>	<u>(56,502,160)</u>
<b>Deducting: Expected Credit Loss</b>	1.037.106.575	980.076.802
Note Receivables	13.841.196	24,986.810
	<u>1.050.947.771</u>	<u>1.005.063.612</u>

### Expected credit losses

	<u>1/1/2023</u>	<u>Expected credit loss expense during the Period</u>	
	<u>1/1/2023</u>	<u>30/6/2023</u>	<u>30/6/2023</u>
	56,502,160	2, 214, 584	58, 716, 744
	<u>56,502,160</u>	<u>2, 214, 584</u>	<u>58, 716, 744</u>

## 11-DUE FROM RELATED PARTIES – RECEIVABLES (NET):

The balance of due related parties – receivables (net) as at June 30, 2023 is as follows:

Name of the Company	<u>30/6/2023</u>	<u>31/12/2022</u>
	L.E	L.E
Egyptian Natural Gas Holding	564,194,976	2,145,172,454
Town Gas - Egyptian Co. For Natural Gas Distribution in Cities	100,731,393	143,080,211
Egyptian Natural Gas Company – GASCO	46,659,358	171,332,683
Car Gas	67,510,706	91,856,354
Gastec - Egyptian International Gas Technology Co	144,499,827	125,405,994
Egypt Gas - Piping Systems	8,951,593	7,186,726
Petro trade	3,249,289	3,609,418
gas cool	7,768,409	22,613,546
<b>Total</b>	<b>943,565,551</b>	<b>2,710,257,386</b>
<b>Deducting: Expected credit losses*</b>	<b>(19,823,286)</b>	<b>(20,480,098)</b>
<b>TOTAL</b>	<b>923,742,265</b>	<b>2,689,777,288</b>

### Expected credit losses

### Reverse of Expected credit loss during the Period

<u>1/1/2023</u>		<u>30/6/2023</u>
20,480,098	(656,812)	19,823,286
<b>20,480,098</b>	<b>(656,812)</b>	<b>19,823,286</b>

## (12) RELATED PARTIES- DEBIT BALANCES (NET)

The balance of related parties – debit balances (net) as of June 30, 2023 is as follows:

Name of the company	Nature Of Relation	Kind of Relation	<u>1/1/2023</u>	<u>Transaction during year</u>		<u>30/6/2023</u>
			L.E	Debit	Credit	L.E
Egyptian Natural Gas Holding	83.2% shareholder	Loaned	617,724	1,722	4,778	614,668
Egyptian Natural Gas Holding	83.2% shareholder	Permits	31,798,132	204,780	--	32,002,912
Natural Gas Holding Company (Delta)	83.2% shareholder	Executing works	130,094,778	--	--	130,094,778
Egyptian Natural Gas Holding	83.2% shareholder	Letters of credit	13,072,879	1,200	--	13,074,079
Egyptian Natural Gas Holding	83.2% shareholder	Debits Balances	200,000	--	--	200,000
Egyptian Natural Gas Holding	83.2% shareholder	Decent life	250,948,082	16,990,274	104,368,952	163,569,404
Egyptian Natural Gas Holding	83.2% shareholder	Debits Balances	714,440	7,454,835	1,184,576	6,984,699
Egyptian Natural Gas Holding	83.20% shareholder	World Bank	--	34,265,607	--	34,265,607
Town Gas - Egyptian Co. For Natural Gas Distribution In Cities	41% shareholder	Loaned	46,829,623	--	--	46,829,623
Town Gas - Egyptian Co. For Natural Gas Distribution In Cities	Investment	Business insurance	1,912,581	1,284,272	1,927,077	1,269,776
Gastec Company	15% shareholder	Loaned	45,989,995	8,599,809	1,861,702	52,728,102
Egyptian Natural Gas Company (GASCO)	15% shareholder	deferred sale	329,786	134,028	50,347	413,467
Egyptian Natural Gas Company (GASCO)	41% shareholder	deferred sale	1,390,593	--	--	1,390,593
Town Gas - Egyptian Co. For Natural Gas Distribution In Cities	49% shareholder	Debits Balances	7,438,167	--	--	7,438,167
Union Gas Company (UGC)	49% shareholder	Loaned	10,546,256	--	--	10,546,256
Union Gas Company (UGC)	25% shareholder	Loaned	231,415	89,005	27,935	292,485
Petro trade	20.95% shareholder	Loaned	426,668	573,592	642,992	357,268
The Egyptian Company for Energy & Cooling Projects Gascool"	10% shareholder	Loaned	251,945	870,220	64,675	1,057,490
Gastec Company	20% shareholder	Loaned	2,542	--	--	2,542
Sianco - Egyptian Co. For Appliances Maintenance	41% shareholder	Missions	284,654	509,097	--	793,751
Town Gas - Egyptian Co. For Natural Gas Distribution In Cities	41% shareholder	Business	21,485,829	--	--	21,485,829
Town Gas - Egyptian Co. For Natural Gas Distribution In Cities	41% shareholder	Seconded missions	8,541,868	--	--	8,541,868
Town Gas - Egyptian Co. For Natural Gas Distribution In Cities	Investment 41%	Supplies	3,349,555	--	--	3,349,555
Gas Cool Company, Petroment, Butagasco, Town Gas, Gastec	Investment	Dividend	1,158,309	834,679,834	818,123,443	17,714,700
Egyptian Natural Gas Holding	83.2% shareholder	Loaned	4,406,340	1,680,000	--	6,086,340
			<b>582,022,161</b>	<b>907,338,275</b>	<b>928,256,477</b>	<b>561,103,959</b>
* Deducting: Expected credit losses			<b>(7,080,331)</b>	<b>--</b>	<b>--</b>	<b>(7,682,689)</b>
			<b>574,941,830</b>			<b>553,421,270</b>

### Credit expected loss:

<u>1/1/2023</u>	<u>Expected credit loss expense during the period</u>	<u>30/6/2023</u>
7,080,331	602,358	7,682,689
<b>7,080,331</b>	<b>602,358</b>	<b>7,682,689</b>

### 13. DEBTORS AND OTHER DEBIT BALANCES (NET)

The debt and other debit balances (net) as of June 30, 2023 are as follows:

	<u>30/6/2023</u>	<u>31/12/2022</u>
	<u>L.E</u>	<u>L.E</u>
Debtors (employees)	7,504,953	12,819,236
Retention	11,088,185	12,573,421
Advance payment	8,879,033	13,335,252
Suppliers - local purchases	223,004,773	226,389,517
Debit balances	103,403,915	49,773,123
Other Supplies for others	73,022,048	73,022,048
Cairo gas	207,751	1,055,529
Territorial gas	--	8,652,223
Contractors advance payments	188,145,998	162,293,921
Refundable cost	13,346,114	10,300,649
Wages amortized during the year	416,171,098	--
Customs and customs secretariats and customs clearance	70,888,594	70,862,970
Debit balances (supplementary pension)	--	35,992,155
Gas delivery to factories and engineering projects balance	799,749,745	418,436,783
Works under delivery	176,600,283	185,779,203
Business clients	11,917,416	13,449,025
Gas delivery (a decent life)	770,118,991	385,282,673
Administrative Capital (under delivery)	115,275,818	203,925,818
(Alshrok city)	9,877,000	9,877,000
Employees housing loans due within a year	1,599,955	1,621,148
	<u>3,000,801,670</u>	<u>1,895,441,694</u>
<b><u>Deducting:</u></b> * Impairment of non-financial assets	<u>(50,930,113)</u>	<u>(40,861,343)</u>
	<u>2,949,871,557</u>	<u>1,854,580,351</u>
Guarantee and exculpation insurances	132,569,935	112,718,769
Accrued interest	417,911	575,382
Local letters of guarantee cover	27,115,163	32,741,581
Foreign letters of guarantee cover	528,627	510,929
Horizons Union Gas and Refrigeration Company	1,682,355	1,682,355
	<u>162,313,991</u>	<u>148,229,016</u>
<b><u>Deducting:</u></b> * Expected credit losses	<u>(3,564,002)</u>	<u>(3,414,868)</u>
	<u>158,749,989</u>	<u>144,814,148</u>
	<u>3,108,621,546</u>	<u>1,999,394,499</u>

#### Impairment of non-financial assets:

<u>1/1/2023</u>	<u>Impairment during the period</u>	<u>30/6/2023</u>
40,861,343	10,068,770	50,930,113
<u>40,861,343</u>	<u>10,068,770</u>	<u>50,930,113</u>

#### Credit expected loss:

<u>1/1/2023</u>	<u>Expected credit loss expense during the period</u>	<u>30/6/2023</u>
3,414,868	149,134	3,564,002
<u>3,414,868</u>	<u>149,134</u>	<u>3,564,002</u>

#### 14. Debit balances due from tax authority

The balance of debit balances due from Tax Authority as of June 30, 2023 is as follows:

	<u>30/6/2023</u>	<u>31/12/2022</u>
	<u>L.E</u>	<u>L.E</u>
Taxes debit balances	13,591,485	13,591,485
Debit balances (customs)	2,212,275	2,212,275
Stamp tax balances	51,942,976	51,942,976
Advance payments income tax	16,945,555	16,885,429
Payments under the Payroll tax	5,018,834	5,018,834
Withholding tax	97,743,306	103,037,187
	<u>187,454,431</u>	<u>192,688,186</u>

#### 15. Deposits as collateral (net)

The deposits as collateral as of June 30, 2023 are as follows:

	<u>30/6/2023</u>	<u>31/12/2022</u>
Local deposits against local letters of credit and guarantees	24,170,000	36,170,000
Foreign deposits against foreign letters of guarantee	23,139,232	14,900,130
	<u>47,309,232</u>	<u>51,070,130</u>
<b>Deduct:</b>		
Expected credit loss	<u>(562,034)</u>	<u>(606,713)</u>
	<u>46,747,198</u>	<u>50,463,417</u>

#### Expected credit loss

<u>1/1/2023</u>	<u>Reverse credit loss during the period</u>	<u>30/6/2023</u>
606,713	(44,679)	562,034
<u>606,713</u>	<u>(44,679)</u>	<u>562,034</u>

#### 16. Cash at Bank

Cash at bank, (net) as of June 30, 2023, are as follows:

	<u>30/6/2023</u>	<u>31/12/2022</u>
Cash	2895876	--
<b><u>Deposits for 3 months</u></b>		
Egyptian Pound	--	100,000,000
Dollar USD	1,542,500	9,884,000
	<u>1,542,500</u>	<u>109,884,000</u>
<b><u>Deposits for more than 3 months</u></b>		
Egyptian Pound	--	--
Dollar USD	92,550	--
	<u>92,550</u>	<u>--</u>
	<u>1,635,050</u>	<u>109,884,000</u>
<b><u>Current Account</u></b>		
Egyptian Pound	24,948,576	85,471,226
Sterling Pound	35,054	27,469
Kuwaiti Dinar	4,187,333	3,066,812
Jordanian dinar	2,206,114	78,872
AED	6,683,213	180
U.S dollar	52,885,785	81,696,158
Euro	2,395,503	40,104,001
OMR	133,846	263,985
S. R	2,733,567	4,080,382
	<u>96,208,991</u>	<u>214,789,085</u>
	97844041	324,673,085
<b><u>Deduct:</u></b>		
<b><u>Expected Credit Loss</u></b>	<u>(675,675)</u>	<u>(2,142,842)</u>
	<u>100,064,242</u>	<u>322,530,243</u>
<b><u>Expected Credit Loss</u></b>		



<u>1/1/2023</u>	<u>Returned credit loss expense during the Period</u>	<u>30/6/2023</u>
2,142,842	(1,467,167)	675,675
<u>2,142,842</u>	<u>(1,467,167)</u>	<u>675,675</u>

## 17. Provision

The movement in provisions as of June 30, 2023 is as follow:

	<u>1/1/2023</u>	<u>Formed during the period</u>	<u>Provisions no longer required</u>	<u>30/6/2023</u>
tax provision	232,362,515	100,000,000	(26,890,910)	305,471,605
Provision for legal claims	5,000,000	--	--	5,000,000
	<u>237,362,515</u>	<u>100,000,000</u>	<u>(26,890,910)</u>	<u>310,471,605</u>

The movement in provisions as at December 31, 2022 is as follows:

	<u>1/1/2022</u>	<u>Formed during the period</u>	<u>Provisions no longer required</u>	<u>31/12/2022</u>
tax provision	103,519,658	128,842,857	--	232,362,515
Provision for legal claims	2,000,000	3,000,000	--	5,000,000
	<u>105,519,658</u>	<u>131,842,857</u>	<u>--</u>	<u>237,362,515</u>

The management believes that the balance of provisions is sufficient to meet the obligations for which it was formed (Note No. 39).

- \*\* Cases were initiated, 195 final judgments were issued, 50 cases were left for deletion by the plaintiffs, Five cases were left for deletion by plaintiffs and the remaining 140 cases are still in circulation, with a provision for legal claims, to face any claims that may be issued.

## 18. RELATED PARTIES- CREDIT BALANCE

The balance of related parties - credit balances as of June 30, 2023 is as follows:

<u>Name of the company</u>	<u>Nature Of Relation</u>	<u>Transaction</u>	<u>Balance on 1/1/2023</u>	<u>Transaction during period</u>		<u>Balance as of 30/6/2023 EGP</u>
				<u>Debit</u>	<u>Credit</u>	
Egyptian Natural Gas Company (GASCO)	shareholder 15%	Supervisor	2,311,271	455,007	637,973	2,494,237
Egyptian Natural Gas Company (GASCO)	shareholder 15%	Purchase on credit	241,987	--	--	241,987
Egyptian Natural Gas Company (GASCO)	shareholder 15%	Investment	985,900	--	--	985,900
Egyptian Natural Gas Company (GASCO)	shareholder 15%	Loaned	4,815	--	--	4,815
Town Gas - Egyptian Co. For Natural Gas Distribution in Cities	shareholder 41%	Supervisor	2,495,043	--	--	2,495,043
Egyptian Natural Gas Holding	shareholder 83.20%	Business payments	2,503,181,840	2,958,240,888	1,378,581,060	923,522,012
Egyptian Natural Gas Company (GASCO)	shareholder 15%	Business payments	67,706,853	283,925,308	268,140,000	51,921,545
Gaslec - Egyptian International Gas Technology Co	shareholder 10%	Business payments	5,130,048	--	--	5,130,048
Natural Gas for Cars Company (Car gas)	shareholder 40%	Business payments	3,039,922	--	6,000,000	9,039,922
The Egyptian Company for Energy & Cooling Projects (Gascool)	shareholder 20.95%	Business payments	2,889,184	2,245,504	--	643,680
Egypt Gas Company George Fisher Course	shareholder 25%	Business payments	14,296,201	--	--	14,296,201
Egyptian Natural Gas Holding	shareholder 83.20%	Credit balances	--	--	1,018,819,223	1,018,819,223
Egyptian Natural Gas Holding	shareholder 83.20%	Payment	545,980,124	80	20	545,980,064
Egyptian Natural Gas Holding	shareholder 83.20%	Credit balances	--	--	399,000	399,000
Egyptian Natural Gas Holding	shareholder 83.20%	Follow-up works	10,321,678	616,632	1,983,295	11,688,341
Egyptian Natural Gas Holding	shareholder 83.20%	The World Bank/ Kuwaiti	75,521,536	136,505,448	63,729,695	2,745,783
Egyptian Natural Gas Holding	shareholder 83.20%	contribution difference	5,481,273	412,159	1,300,591	6,369,705
Egyptian Natural Gas Holding	shareholder 83.20%	Electricity dues	1,168,170	--	--	1,168,170
Town Gas - Egyptian Co. For Natural Gas Distribution in Cities	shareholder 41%	Security merchandise	46,829,624	--	--	46,829,624
Town Gas - Egyptian Co. For Natural Gas Distribution in Cities	shareholder 41%	Purchase on credit	57,799,985	20,376,509	--	37,423,476
Sinaco - Egyptian Co. For Appliances Maintenance	shareholder 20%	Supplies / transfers	2,235,305	605,000	1,476,101	3,106,406
Egyptian Natural Gas Holding	shareholder 83.20%	Supervisor	74,982,738	17,560,003	3,154,270	60,577,005
			<u>3,422,603,497</u>	<u>3,420,942,538</u>	<u>2,744,221,228</u>	<u>2,745,882,187</u>

## 19. CREDITORS AND OTHER CREDIT BALANCES

The balance of creditors and other credit balances as of June 30, 2023 is as follows:

	<u>30/6/2023</u>	<u>31/12/2022</u>
Credit balance – customers	899,597,632	872,871,169
Customers – payments	384,273,037	460,747,076
Supplier accruals	758,407,417	601,179,597
Contractors' accruals	610,597,779	701,672,044
L.C accruals	107,402,191	123,749,801
L.C (World Bank)	130,710	4,293,847
End of service gratuity system (22 months)	87,323,804	76,283,513
accounts payable	78,930,790	85,112,091
Passage checks for more than a year	1,933,211	2,448,184
consumption insurance	215,879,013	213,588,169
Counters insurance	66,578,040	65,886,007
End of service gratuity system (60 months)	289,253,336	253,477,298
Insurances from others	254,931,403	212,859,594
Accrued Salaries	3,014,712	33,610,448
Insurance and social security documents	31,143,440	14,176,168
Egyptian General Petroleum Corporation (taxes)	1,195,544,945	855,634,880
Payments for Ahmed Orabi and Vanguard	2,354,704	2,332,864
Supplementary pension	435,186,001	387,039,917
	<u>5,422,482,165</u>	<u>4,966,962,667</u>

## 20. Tax authority

The balance of balances due to the Tax Authority as of June 30, 2023 is as follows

<u>a. Deferred tax assets</u>	<u>30/6/2023</u>	<u>31/12/2022</u>
	L.E	L.E
deduction taxes	9,186,700	12,977,071
Income tax 2022	--	5,648,743
Income tax	3,000,000	
	<u>12,186,700</u>	<u>18,625,814</u>

## 21. CAPITAL

The authorized capital of the company was amounted to 2,000,000,000 Egyptian pounds (one billion Egyptian pounds only) and the issued capital of the company was amounted to 961,482,290 Egyptian pounds (nine hundred and sixty-one million, four hundred and eighty-two thousand, two hundred and ninety Egyptian pounds) divided into 96,148,229 shares, the value of each share is ten pounds, and all of them are cash shares. The capital was subscribed as follows:

	<u>%</u>	<u>Value</u>
		<u>L.E</u>
Egyptian Natural Gas Holding Co. - EGAS	83.20%	799,999,990
Other shareholders (Egyptians and foreigners)	16.80%	161,482,300
	<u>100%</u>	<u>961,482,290</u>

The company's extraordinary general assembly meeting held on March 18, 2023, agreed to increase the authorized capital from one billion Egyptian pounds to two billion Egyptian pounds, and to amend Article No. (6) of the company's articles of association., it also approved to amend Article No. (3) of the company's articles of association regarding the company's purpose. The minutes of the assembly and the amended Articles were documented, and on May 28, 2023, the Company received the approval of the Securities Registration Committee to register the authorized Capital increase and the amendment of the company's purpose, and on June 11, 2023, the Company's

investment prospectus was published in which included the articles amendment Contract ( 3, 6) of the Company's Articles of Association.

## **22. DEFERRED TAX LIABILITIES**

	<u>30/6/2023</u>
Balance at 31, December 2022 (Liability)	(385 ,572 ,400)
Add (subtract):	
Deferred tax during the period in the income statement	(1, 861, 440)
Temporary differences in other comprehensive income in associate companies	(479,506,70)
Balance as of June 30, 2023 (Liability)	<u>(435, 384, 510)</u>

## **23. RESERVES**

The balance of reserves as of June 30, 2023 is as follows:

	<u>1/1/2023</u>	<u>Transfer</u> <u>during the</u> <u>period</u>	<u>30/6/2023</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
LEGAL RESERVE	465,249,562	15, 491 ,583	480 ,741 ,145
General reserve	116,701,433	125 ,000 ,000	241, 701, 433
Special reserve (premium)	415,725,138	--	415 ,725, 138
Capital reserve	45,775,352	1 ,400 ,438	47 ,175 ,790
Financing projects reserve	296,189,357	500 ,000	296 ,689 ,357
	<u>1,339,640,842</u>	<u>142 ,392, 021</u>	<u>1, 482, 032 ,863</u>

\* The above reserves are formed based on the decisions of the General Assembly in implementation of the fifth paragraph of Article (196) of the executive regulations of Law (159) for the year 1981, and Article No. (51) of the company's articles of association. The general reserve and the reserve for financing natural gas projects and the capital reserve are formed for the purpose of financing Future expansions in the company's activities

### **Special reserve (issuance premium)**

The special reserve was formed based on the decisions of the Ordinary General Assembly held on March 26, 2022, to increase the company's capital from 480 million pounds, not exceeding one billion pounds, to be funded in cash by inviting old shareholders to subscribe to the shares of the increase at fair value, each in proportion to his contribution to the company's capital. Provided that the difference between the nominal value and the fair value of the increase shares is set aside in a special reserve account.

### **Special reserve (issuance premium)**

	<u>30/6/2023</u>
	<u>L.E</u>
The total issuance premium	799,742,084
transferred to a legal reserve	(384,016,946)
	<u>415,725,138</u>

The company's capital shares were increased by 48 ,148, 229 shares at a price of 26.61 pounds per share. The value of those shares was collected with a total value of 1, 281, 224 374 Egyptian pounds. The nominal value of the shares amounted to 481, 482, 290 Egyptian pounds, to become the total special reserve (issuance premium). with a value of 799, 742 084 Egyptian pounds, and an amount

of 384 ,016, 946 Egyptian pounds was transferred to the legal reserve, so that the balance of the issuance premium on December 31, 2022 amounted to 415, 725 ,138 Egyptian pounds.

## **24.Statement of cash flows**

### **24-1 related parties - debit balances**

	<b><u>30/6/2023</u></b>
Increase in related parties - debit balances	20 ,918 ,202
investments	16 ,556 ,257
Balance of the cash flow	<b><u>37,474 ,459</u></b>

## **25.CONTINGENT LIABILITIES**

The value of contingent liabilities on June 30, 2023 amounted to 255,739,286 Egyptian pounds, which is represented in the uncovered part (90%) of the letters of guarantee issued by banks in favor of others , with a total amount of 283 383 076 Egyptian pounds, of which an amount of 27 643 790 Egyptian pounds was paid, representing about (10%) of the value of the letters, which is represented in the covered part of the letters of guarantee, and its statement is as follows:

<b>Currency</b>	<b><u>30/6/2023</u></b>
L.E	27, 115 ,163
JOD	108, 657
DRM	419, 970

## **26. OPERATING REVENUES**

The operating revenues on June 30, 2023 are as follows:

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
	<b><u>L.E</u></b>	<b><u>L.E</u></b>
Gas installation to homes in Cairo, Giza and Alexandria Port Said and Ismailia.	19, 445, 127	38,095,979
Works in the middle of the delta and the south of the valley.	290 ,048, 027	1,140,704,556
Gas sale commission, network management and supervision.	874, 406, 548	816,786,790
Gas installation to factories, engineering and external projects	765 ,181 ,214	886,155,117
Gas installation to customer service clients.	155, 741, 081	183,316,727
	<b><u>2 ,104, 821, 997</u></b>	<b><u>3,065,059,169</u></b>

## **27. OPERATION COST**

The operating cost on June 30, 2023:

	<b><u>30/6/2023</u></b>	<b><u>30/6/2022</u></b>
	<b><u>LE</u></b>	<b><u>LE</u></b>
Wages	1, 209 ,471 ,569	1,082,692,366
Commodity supplies	361, 102, 237	895,709,752
Service supplies	673, 403, 696	1,003,253,499
Other expenses	84 ,715, 863	70,879,312
	<b><u>2, 328 ,693, 365</u></b>	<b><u>3,052,534,929</u></b>

## 28. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses on June 30, 2023 are as follows:

	<u>30/6/2023</u>	<u>30/6/2022</u>
	<u>LE</u>	<u>LE</u>
Wages	215,826,824	170,992,556
Stationery and spare parts	3,325,057	2,257,946
Services and maintenance	11,697,487	6,749,948
Rents and government fees	711,141	1,621,087
Donations, compensation and community contribution	600,000	440,000
	<u>232,160,509</u>	<u>182,061,537</u>

## 29. Investment income using the equity method

Income from investments using the equity method at June 30, 2023 is as follows:

<b>Currency</b>	<u>30/6/2023</u>	<u>30/6/2022</u>
The company's share in the profits and losses of the investee associate companies according to the equity method	763,892,104	547,274,403
The share of the company in the net assets of the Associate companies according to the equity method	<u>(83,372,411)</u>	<u>(47,780,078)</u>
<b>Total</b>	<u>680,519,693</u>	<u>499,494,325</u>

## 30. Investment Tax

The investment tax amounting to 25,853,300 Egyptian pounds on June 30, 2023 is represented in the value of the tax due on the dividends from associate companies, according to the decision of the President of the Arab Republic of Egypt regarding Law No. 53 of 2014 amending some provisions of Law No. 91 of 2005.

## 31. Transactions with related parties

The company carried out works whose revenues amounted to 22,856,744 Egyptian pounds for the Egyptian Natural Gas Company - GASCO (in which the company contributes 15% in its capital, which represents 1.09% of the company's total revenues).

-The company carried out the work of delivering natural gas to homes and pipelines, the revenues of which amounted to an amount

19,445,127 Egyptian pounds for the Egyptian Company for Distribution of Natural Gas to Cities - Town Gas - (in which the company contributes 41%), which represents 0.92% of the company's total revenues.

During the period, the company carried out works whose revenues amounted to 288,320,747 Egyptian pounds for the Egyptian Natural Gas Holding Company (83.20% shareholder), which represents 13.71% of the company's total revenues. The network management and supervision revenues / Malak Holding amounted to an amount

813,593,710 Egyptian pounds, which represents 38.69% of the company's total revenues.

## 32. Earnings per share from net profits for the year after taxes

The share per share of the net profit for the year after taxes on June 30, 2023 amounted to Egyptian pounds, as follows:

	<u>30/6/2023</u>	<u>30/6/2022</u>
	<u>L.E</u>	<u>L.E</u>
Net profit for the period after taxes	122,811,647	103,521,329
<b><u>Divided by</u></b>		
Weighted average number of shares	96,148,229	96,148,299
<b>Per share of net profit</b>	<u>1.28</u>	<u>1.08</u>

### 33. Retained Earning

	<u>30/6/2023</u>	<u>31/12/2022</u>
	<u>L.E</u>	<u>L.E</u>
Opening balance	7,864,266	(20,867,430)
Adjustments on the balance of the beginning of the period	=	2,607
<b><u>Deducting</u></b>		
Dividend distribution according to the decision of the Ordinary General Assembly on March 26, 2022	--	20,867,430
Retained earnings in accordance with the decision of the Ordinary General Assembly on March 26, 2022	--	22,799,302
Board compensation settlement for 2021	--	63,644
Investment losses of Union Gas	--	(15,001,287)
Dividend distribution according to the decision of the Ordinary General Assembly on March 18, 2023	(7,864,266)	--
Retained earnings in accordance with the decision of the Ordinary General Assembly on March 18, 2023	33,034,963	--
<b>Balance</b>	<u>25,170,697</u>	<u>28,729,089</u>
	<u>33,034,963</u>	<u>7,864,266</u>

### 34. Balances resulting from applying equity method:

	<u>30/6/2023</u>	<u>31/12/2022</u>
Balance at the beginning of the year	1,173,285,183	1,173,285,183
<b><u>Add / deduct</u></b>	--	--
Company's share of comprehensive income in associate companies (net)	--	--
<b>Total</b>	--	--
<b><u>Balance at the end of the period</u></b>	<u>1,173,285,183</u>	<u>1,173,285,183</u>

The balances resulting from applying equity method to investments in associate companies, in net terms, amounted as of June 30, 2023 by 1 173 285 183 Egyptian pounds, and these balances are transferred to retained earnings when disposing of the investment.

### 35. The company's share of other comprehensive income in associate companies:

	<u>30/6/2023</u>	<u>31/12/2022</u>
Balance at the beginning of the period	109,229,868	50,217,214
<b><u>Add / deduct</u></b>		
The company's share of other comprehensive income, JASCO, 2021	--	76,145,360
The company's share of other comprehensive income, JASCO, 2022	215,770,224	--
The company's share of other comprehensive income, sianco, 2022	273,138	--
The company's share of other comprehensive income, petromaint.2022	(2,929,272)	--
Temporary differences in other comprehensive income in associate companies	(47,950,670)	(17,132,706)
	<u>165,163,420</u>	<u>59,012,654</u>
	<u>274,393,288</u>	<u>109,229,868</u>

## **36. TAX POSITION**

The company is subject to the provisions of Law No. (43) of 1974, which issued the Arab and foreign investment and free zones system, which was replaced by Law No. (230) of 1989, which issued the investment law, which was replaced by Law No. (8) of 1997, which issued the investment guarantees and incentives law, which was replaced by Law No. (72) of 2017, which issued the investment law and its executive regulations. The company is also subject to the provisions of Law No. (159) of 1981, which issued the Joint Stock Companies, Stock Option Companies, Limited Liability Companies, and Single Person Companies Law, considering the provisions of Law No. (95) of 1992, which issued the Securities Market Law and its executive regulations. Additionally, the company follows the advance payment system in accordance with Law No. (91) of 2005 and its amendments. Note that the company was exempted from taxes on corporate entities until December 31, 1989, in accordance with the provisions of Law No. (43) of 1974, which issued the Arab and foreign investment and free zones system and its executive regulation

### **36/1 Corporate Tax**

The company is subject to the provisions of Law No. (91) of 2005 issuing the Income Tax Law and its amendments, as well as its executive regulations, considering the provisions of Law No. (206) of 2020 issuing the Unified Tax Procedures Law and its amendments, as well as its executive regulations. The income is as follows:

#### **36/1/1 Tax on the profits of monetary companies, movable values, and legal persons:**

##### **The years from the beginning of the activity until 2019**

- The company has been inspected and the payment has been made.

##### **Years 2020/2022**

- The company regularly submits tax returns.
- The company was not notified of the inspection for those years.

##### **36/1/2 salaries tax**

##### **The years from the beginning of the activity until 2012**

- The company was inspected and the tax settled and payment of the tax to the tax center for major financiers.

##### **The years 2013/2015**

- the company was inspected and the tax settled and payment have been made, except for the delay fee, amounting to 9,223 m Egyptian pounds.

##### **The years 2016/2019**

- The company was re-inspected and payment was made, except for the delay fee of LE 67,607,644.

##### **Years 2013/2019**

- A request to waive the penalty of those years was submitted in accordance with Law No. 153 of 2022, and the company paid 35% of the delay fee at an amount of 26 890 910 EGP on February 28, 2023, and it was approved in favor of the company and 65% of the delay fee was waived, with a total amount of 49.94 one million EGP

##### **The year 2020**

Inspection is under process

### **The years 2021/2022**

The company was not notified of the inspection the tax center for major financiers.

### **36/1/3 Withholding Tax (withholding from the source)**

The company collects discount receipts and tax certificates that support the company's right to those amounts deducted from the company by the dealers in accordance with the requirements of the law, and the company has a credit balance with the tax authority according to books and records about 114.3 million Egyptian pounds until 2022. The discount receipts and tax certificates for the years have not been settled. For the years 2020 to 2022.

### **36/1/4 withholding tax (company side)**

The company submits tax forms in accordance with the requirements of the law on the dates specified by law, and the company is regular in paying the amounts that it deducts from dealers at the Tax Authority quarterly until the end of the first period of the fiscal year 2023, and the company was not notified of the examination for the years until the end of the second period of 2023

### **36/2 the stamp tax**

The company is subject to the provisions of Law No. (111) of 1980 issuing the Stamp Tax Law and its amendments, as well as its executive regulations, considering the provisions of Law No. (206) of 2020 issuing the Unified Tax Procedures Law and its amendments, as well as its executive regulations. Below is the tax position for the scope of validity of the stamp tax. as follows:

#### **The years from the beginning of the activity until 2005:**

- The tax has been inspected and the due tax has been paid.

#### **The years from 2006/2010**

- The company was examined for the years from 2006 to 2010, and a grievance was made against the results of the inspection, which led to the referral of the dispute to the Appeal Committee, which issued its decision, which the company considers inappropriate. The decision of the Appeal Committee was appealed to the judiciary, and the company paid the disputed amount in the amount of About 39.4 million Egyptian pounds to stop the accumulation of delay charges.

#### **The years from 2011/2014**

- The company was re-inspected for the years from 2011 to 2014, and a grievance was made against the results of the inspection, which led to the referral of the dispute to the Appeal Committee, which issued its decision, which the company deems inappropriate. The decision of the Appeal Committee was appealed to the judiciary, and the company paid the disputed amount at a value of about 12,6 million Egyptian pounds to stop the accumulation of delay fees.

#### **The years from 2015/2019**

The company has been inspected and the payment has been made

#### **The year 2020**

The company has been inspected and the tax assessment have been notified, with a value of 5 ,018, 183 pounds, and its under settlement



### **The years 2021/2022**

The company was not notified of the inspection for the years from 2021 until the end of the second period of 2023

### **36/3 Value Added Tax**

The company is subject to the provisions of Law No. (67) of 2016 issuing the Value Added Tax Law and its amendments, as well as its executive regulations, considering the provisions of Law No. (206) of 2020 issuing the Unified Tax Procedures Law and its amendments, as well as its executive regulations.

### **The years from the start of the activity until December 31, 2015**

- The company has been inspected and the payment has been made.

### **Years 2016/2021**

- The company has been inspected and the inspection resulted tax differences estimated at 254,779,764 EGP pounds and settlement is in process.

### **Year /2022**

- The company was not notified of the inspection for those years.

### **36/4 Property tax**

The company is subject to the provisions of Law No. (196) of 2008 issuing the Tax Law on Built Real Estate and its amendments, as well as its executive regulations, considering the provisions of Law No. (206) of 2020 issuing the Unified Tax Procedures Law and its amendments, as well as its executive regulations.

### **The years July 2013/2022**

- The company's headquarters were inspected and the rental value based on which the tax on built-up properties was calculated was determined. The application began on the first of July 2013. The five-year re-estimation did not result in any increase in the rental value until 2022.

## **37- Environmental and Social Responsibility of the Company**

### **37/1 quality certificates**

The company is keen to follow up and implement the latest systems in the transition to a clean and safe environment and to achieve the highest rates of safety and security. The company has obtained the following certificates:

- International Quality Certificate (9001: 2015).
- Occupational Safety and Health Certificate (45001: 2018).
- Environmental Protection Certificate (14001: 2015).
- Energy Systems Management Certificate (50001: 2018).
- Certificate of international accreditation for laboratories (17025: 2006).
- Renewal of a certificate in information security and confidentiality of (27001: 2013).

### **37/2 Environmental responsibility of the company**

The company has maintained the slogan of a clean and safe environment since its inception by continuously controlling environmental manifestations for the purpose of preserving natural resources and preventing or reducing environmental risks by working in line with the following laws, legislation and instructions:

- Egyptian Environment Law No. 4 of 1994 and Environment Law No. 9 of 2009.
- Industrial Exchange Law No. 48 of 1982
- Minister of Petroleum Decision No. 673 of 1999 regarding the list of hazardous materials and wastes within the petroleum sector.
- The company's occupational health and safety management system and environment protection.
- Preserving the cleanliness of the environment and the safe disposal of hazardous and solid waste in the company by delivering it to the hazardous waste landfill.

### **37/3 Social responsibility of the company**

Believing in the company's social role in developing the surrounding environment and the importance of the human role, the company has contributed, since its establishment, to the development of the surrounding environment and neighboring villages in many fields, including:

- Donating and contributing permanently to the charitable associations of the villages and providing their needs to raise the level of infrastructure.
- Donation and permanent contribution in the field of health and medical treatment and the purchase of medical devices and all medical supplies in public hospitals to help them confront the emerging corona virus.
- Donating and contributing to colleges, universities and government institutes to support the educational process.

## **38. THE FAIR VALUE OF FINANCIAL INSTRUMENTS**

The company's financial instruments are represented as financial assets and liabilities. Financial assets include cash balances in banks and debtors. They also include financial liabilities to creditors, and credit balances of associate companies. The clarifications complementing the financial statements include the accounting policies used regarding proving and measuring the most important financial instruments and the related revenues and expenses. The following are the most important risks Related to these financial instruments and the most important policies and procedures followed by the company to reduce the impact of these risks:

### **Financial instruments and related risk management:**

#### **38/1 – Credit risk**

Credit risk is represented in the ability of the company's debtors granted credit to pay their dues to the company. Most of the company's debtors are represented by customers, debit balances and associate companies. Most of the customers are represented by government agencies, public business sector companies and associate companies. The company follows up on its indebtedness with these authorities and companies.

#### **38/2 Liquidity risk**

Liquidity risk is represented in the factors that may affect the payment of part or all of the company's obligations, and according to the company's policy, appropriate policies are taken to reduce that risk to the minimum level.

#### **38/3 – Market risk**

It is represented in the possibility of a future change in the value of financial instruments as a result of a change in their market value. It is worth noting that the company does not engaged into future financial coverage contracts.

### **38/4- Fair value of financial instruments**

According to the valuation principles used in evaluating the assets and liabilities of the company, which are mentioned in the notes to the financial statements, the fair value of the financial instruments on the date of the financial position is not materially different from their book value.

### **38/5 – Foreign Currency risk**

The risk of foreign exchange fluctuations is the changes in exchange rates Due to the company's dealings in a number of foreign currencies other than the registration currency (Egyptian pounds).

#### **The following is a statement of currency positions on June 30, 2023:**

<b><u>The currency balance is surplus</u></b>	<b><u>currency</u></b>
GBP	892
USD	1,767,288
EUR	71,180
KWD	41,724
JOD	50,759
OMR	1,670
AED	795,677
SAR	332,332

### **38/6 Interest Rate Risk:**

The interest rate risk represents the risk of financial performance fluctuation as a result of the change in the prevailing market interest rate. The company is exposed to the interest rate risk on time deposits. These deposits are of a short-term nature and are denominated in US dollars, euros, sterling pounds and Egyptian pounds.

### **38/7 Objectives and Methods of Managing Working Capital:**

The management considers the company's capital as a representative of the internal sources of financing necessary to finance the company's investments and business. In this regard, it considers in the first place the paid-up capital and reserves with the available financing from the holding company as capital management items. The management aims to use these items to provide sufficient liquidity to meet the company's obligations in executing its contracts with customers, as well as financing future expansions. The management has been able to rely on internal financing represented in the capital in order to reduce financing expenses and maximize returns for shareholders.

## **39- Legal position**

The nature of the lawsuits for which a provision is made is represented in some cases filed by some parties dealing with the company, which are still pending at the litigation authorities in all levels, and no final judgment was issued until June 30, 2023, and the balance is sufficient and appropriate to face these cases according to the opinion of the General Manager of Legal Affairs in the company (Note - No. 17).

## **40. IMPORTANT EVENTS**

### **40/1 Amendments to Egyptian Accounting Standards**

- On March 18, 2019, some Egyptian accounting standards were amended and new standards were issued. The Minister of Investment and International Cooperation issued Decision No. 69 of 2019 regarding the amendment of some provisions of the Egyptian accounting standards issued by Investment Minister's Decision No. 110 of 2015 as follows:
- First: The standards will be replaced by numbers: (1) presentation of financial statements, (4) statement of cash flows, (25) financial instruments - presentation, (26) financial instruments - recognition and measurement, (34) real estate investment, and (38) ) employee benefits, (40) financial instruments - disclosures, and (42) consolidated financial statements, from the Egyptian Accounting Standards.

- Second: The standards amend the numbers: (15) disclosure of related parties, (17) independent financial statements, (18) investments in associate companies, (22) earnings per share, and (24) income taxes.
- And (29) business aggregation, and (30) periodic financial statements, and (31) impairment of assets, and (32) non-current assets held for the purpose of sale and non-continuing operations, and (44) disclosure of shares in other establishments, among the standards Egyptian accounting.
- Third: Added to the aforementioned Egyptian accounting standards, new standards with numbers (47) financial instruments, (48) revenue from contracts with clients, (49) lease contracts, and an Egyptian accounting interpretation is added. public service concession arrangements, to the same standards.
- Fourth: Standards Nos. (8) construction contracts, (11) revenue, and (20) accounting rules and standards related to financial leasing operations are repealed from the Egyptian accounting standards issued by the decision of the Minister of Investment.

On April 12, 2020, the Financial Supervisory Authority issued a statement postponing the application of the amendments in the new Egyptian accounting standards to the periodic financial statements and limiting them to the annual financial statements at the end of 2020, provided that the companies apply these standards and these amendments to the annual financial statements of these companies at the end of 2020 and include the combined effect for the full year by the end of 2020.

The Prime Minister's Decision No. (1871) of 2020 was issued on September 17, 2020 to postpone the effect of Standard (47) Financial Instruments, Standard (48) Revenue from Contracts with Customers, and Standard (49) Lease Contracts, for the fiscal year that starts from the first of January 2021. .

On May 9, 2021, the Supreme Committee for "Reviewing Egyptian Accounting Standards and Limited Review" formed by Prime Minister's Resolution No. (909) of 2011 agreed to allow the postponement of showing the accounting effect of applying Standard No. (47) Financial Instruments on the periodic financial statements until no later than the date of preparing the lists. Quarterly financials on December 31, 2021, with the inclusion of the consolidated accounting effect for the full year, starting from January 1, 2021, until December 31, 2021, with the companies' obligation to adequately disclose that.

Fifth: The Prime Minister's decision was issued on April 27, 2022 regarding the amendment of Egyptian Accounting Standard No. 13 The impact of changes in foreign exchange rates (a special accounting treatment to deal with the effects of moving foreign exchange rates) in light of the intervention of the Central Bank of Egypt to raise the interest rate and move the exchange rate during the month of March 2022.

Sixth: On March 6, 2023, the Prime Minister issued Resolution No. 883 of 2023 regarding the amendment of some provisions of the Egyptian Accounting Standards and related to the issuance of Standard No. 50 - insurance contracts and the amendment of standards. Numbers 10 - Fixed Assets, Standard 23 - Intangible Assets, and Standard 34 - Real estate investment, standard 35 agriculture, and standard 36 exploration and evaluation of mineral resources.

#### **40/2 The economic effects of the spread of the Corona virus "Covid-19 emerging" on the company's economic situation**

- The second half of March 2020 witnessed the beginning of the impact of the spread of the new Corona virus (Covid-19) in the Arab Republic of Egypt, and the World Health Organization has declared that the virus outbreak can be described as a global epidemic, and the Egyptian government has announced a set of unprecedented measures to combat the virus and its spread, and the company has studied and evaluated all risks and issued a package of decisions and measures to preserve Workers and their insurance from the risks of corona, as well as the continuation of production operations.

And with reference to the current conditions of uncertainty (locally / globally) resulting from the novel coronavirus pandemic (Covid-19), and the necessary tangible adverse effects on all economic sectors in general. It is not possible at the present time to determine the size of this impact on the values of the elements of assets and liabilities included in the financial statements of the company, as the size of the impact of the aforementioned pandemic depends on the expected extent and the time period at which

this pandemic is expected to end, and the resulting effects on the operations and activity of the company now and in the future.

#### **40/3 Regulations for Disclosure of Environmental and Community Practices and Governance Related to Sustainability**

- Decision No. (108) of 2021 was issued by the Board of Directors of the Financial Regulatory Authority on July 5, 2021 regarding the controls for disclosure by companies whose securities are listed on the Egyptian Stock Exchange about environmental, societal and governance practices related to sustainability and the financial effects of climate change. The companies addressed by the provisions of this decision are given a deadline to comply with the performance measurement indicators of the disclosures contained in the two annexes attached to it until the date of submitting the financial statements for the fiscal year ending in 2022, and they must provide the Authority with a quarterly statement of the measures taken or will take regarding the aforementioned disclosures as of January 1, 2022.

#### **40/4 The Russian-Ukrainian War in Eastern Europe**

- The Russian-Ukrainian war broke out in Eastern Europe during the year 2022, which may affect the increase in global inflation rates. However, it is currently difficult to estimate the potential effects on the financial statements resulting from that war.

#### **40/5 Monetary Policy Committee**

- On March 19, 2022, the Monetary Policy Committee announced an increase in the interest rate by 100 basis points on lending and the credit rate, in addition to moving the exchange rate of the US dollar against the Egyptian pound.
- On May 19, 2022, the Monetary Policy Committee announced an increase in the interest rate by 200 basis points on lending and the credit rate.
- On October 27, 2022, the Monetary Policy Committee announced an increase in the interest rate by 200 basis points on lending and the credit rate, in addition to moving the exchange rate of the US dollar against the Egyptian pound.
- On December 22, 2022, the Monetary Policy Committee announced an increase in the interest rate by 300 basis points on lending and the credit rate, in addition to moving the exchange rate of the US dollar against the Egyptian pound.
- The Egyptian exchange market had a significant positive movement in currency exchange rates since Wednesday, corresponding to January 11, 2023, as the price of the dollar rose to about 32 pounds (during Wednesday), before the price began to decline, to record 29.61 pounds by the end of (Monday, January 16, 2023). Which in general may have an impact on the company's local economy, but that impact cannot be estimated at the present time.

#### **40/6- Comparative Figures (Statement of Financial Position)**

Accounts and notes receivable (Net) - due from related parties – receivables (net) were reclassified, and accordingly some comparison figures were amended on December 31, 2022, approved by the company's Ordinary General Assembly on March 18, 2023. These amendments are as follows:

	<u>31/12/2022</u> before reclassification <u>L.E</u>	<u>classification</u> <u>L.E</u>	<u>31/12/2022</u> after reclassification <u>L.E</u>
Accounts and notes receivables (net)	1,012,250,338	(7,186,726)	1,005,063,612
Due from related parties- receivables (net)	2,682,590,562	7,186,726	2,689,777,288