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*Translation of Auditor's Report
Originally Issued in Arabic*

Auditor's Report**To : The Shareholders of Eastern Company (S.A.E)
Report on the Financial Statements**

We have audited the accompanying standalone financial statements of Eastern Company (S.A.E), which comprise the standalone statement of financial position as of June 30, 2024, the standalone statements of income, comprehensive income, standalone changes in shareholders' equity and standalone cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

These standalone financial statements are the responsibility of the company's management. Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Egyptian Accounting Standards and the prevailing Egyptian laws. This responsibility includes designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and the prevailing Egyptian laws. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion, the standalone financial statements referred to above give a true and fair view, in all material respects, of standalone the financial position of **Eastern Company (S.A.E)** as of June 30, 2024, and of its financial performance and its cash flows for the year ended in accordance with Egyptian Accounting Standards and the prevailing Egyptian laws and regulations.

Explanatory paragraph

Without qualifying our opinion:

As indicated in note No. (14), the investments at amortized cost amounted 20.66 million EGP as of June 30, 2024 represent 5% reserve was deducted previously according to the law (203) for the year 1991. The company management officially request from the National Investment Bank to refund the investments at amortized cost balance, and according to the General Assembly of the Advisory Opinion and Legislative Department the arrangement of the refund process is subject to issuance of a legislation.

As indicated in note No. (9), the company's projects under construction include balances suspended for more than one financial period.

Report on legal and other regularity requirement

The company maintains its accounting records as required by the law and the company legal, which agree with the accompanying financial statements. The company is in the process of upgrading and automating its accounting and costing system. The management conducted the inventory physical count according to normal practices and under its responsibility.

The financial information included in the board of director's report which are prepared according to the requirement of law No. (159) for the year 1981, and its executive regulations, agrees with the company's records to extend that such information normally recorded.

The company's management is in the process of studying the application of article No. (134) of Law (12) of 2003 requirements and its regulations considering the availability of the company's implementation mechanism.

The Creditors and other credit balance note no. (30) include an amount of 468 thousand EGP dividends payable not settled until the date of financial statements issuance which contradicts with article (44) of the law no. (159) for the year 1981 and its amendments.

Cairo, 29 August 2024

Auditor Mazars

Dr. Ahmed Shawki

Mazars Mostafa Shawki



EASTERN COMPANY (S.A.E)
STANDALONE STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024

(Amounts expressed in Thousands of Egyptian Pounds)

	<u>Notes</u>	<u>30/6/2024</u>	<u>30/6/2023</u>
<u>ASSETS</u>			
<u>Non - Current Assets</u>			
Fixed assets, (Net)	(8)	4 005 200	4 409 007
Projects under construction	(9)	295 492	249 705
Investment's property, (Net)	(10)	127 215	128 060
investments in associates	(11)	780 225	24 000
Intangible assets, (Net)	(12)	20 041	24 409
Financial assets at fair value through OCI	(13)	1 768 650	3 211 643
Financial investments at amortized cost	(14)	20 668	20 532
Right of use assets, (Net)	(15)	209 313	217 494
Other assets	(16)	12 378	18 453
Total Non- Current Assets		7 239 182	8 303 303
<u>Current assets</u>			
Inventory, (Net)	(17)	4 944 277	3 879 686
Accounts and notes receivables, (Net)	(18)	205 527	70 306
Debtors and other debit balances, (Net)	(19)	1 762 322	727 690
Accounts payables - advance payments	(20)	100 593	113 943
Financial assets at fair value through P&L	(21)	12 710 525	9 985 269
Cash and cash equivalent, (Net)	(22)	5 902 490	3 220 564
Total Current Assets		25 625 734	17 997 458
Total Assets		32 864 916	26 300 761
<u>Equity</u>			
Issued and paid-up capital	(23)	3 000 000	2 230 000
Reserves	(24)	3 614 149	4 183 074
Retained earnings	(25)	9 534 967	9 703 325
Total equity		16 169 116	16 116 399
<u>Non - Current Liabilities</u>			
Deferred tax liabilities	(26)	396 627	302 020
Employees benefits delegation	(27)	339 394	387 226
Total non-current liabilities		736 021	689 246
<u>Current Liabilities</u>			
Provisions	(28)	940 694	1 183 230
Banks overdraft	(22)	970 522	307 543
Accounts and notes payables	(29)	1 979 371	718 435
Creditors and other credit balances	(30)	10 639 227	6 163 762
Account receivables - advance payments	(31)	54 381	175 944
Employees benefits delegation	(27)	42 755	37 837
Current income tax payable		1 332 829	908 365
Total current liabilities		15 959 779	9 495 116
Total liabilities		16 695 800	10 184 362
Total of equity and liabilities		32 864 916	26 300 761

- The accompanying notes (from No. 1 to No. 49) are an integral part of these financial statements and read therewith.

(Mrs. / Neveen Ali)
Head Of financial sector



(Mr./ Tamer Mosli)
Chief financial officer



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



*Translation of Financial Statements
Originally Issued in Arabic*

EASTERN COMPANY (S.A.E)
STANDALONE STATEMENT OF INCOME STATEMENT
FOR THE YEAR ENDED JUNE 30,2024
(Amounts expressed in Thousands of Egyptian Pounds)

	<u>Notes</u>	<u>30/6/2024</u>	<u>30/6/2023</u>
Net Sales	(32)	20 446 562	17 820 067
Cost of goods sold	(33)	(11 233 904)	(9 284 842)
Gross profit		9 212 658	8 535 225
Other revenue	(34)	642 275	720 740
Sales and distribution expenses	(35)	(519 458)	(567 855)
General and administrative expenses	(36)	(980 211)	(687 157)
Other expenses	(37)	(187 015)	(569 121)
Operating activities		8 168 249	7 431 832
Net financing cost / income	(38)	225 247	714 141
Other financial investments revenue	(39)	2 318 595	1 619 241
Revenue from investments in associate companies	(40)	756 225	-
Profit before tax		11 468 316	9 765 214
Income tax expenses	(41)	(2 286 835)	(2 108 227)
Profit from continued operations		9 181 481	7 656 987
Profit from Discontinued operations		-	-
Net Profit for the year		9 181 481	7 656 987
Earnings per share (Pound/Share)	(42)	3.43	2.98

- The accompanying notes (from No. 1 to No. 49) are an integral part of these financial statements and read therewith.

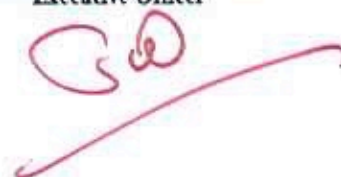
(Mrs. / Neveen Ali)
Head Of financial sector



(Mr./ Tamer Mosli)
Chief financial officer



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



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EASTERN COMPANY (S.A.E)
STANDALONE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30,2024
(Amounts expressed in Thousands of Egyptian Pounds)

	<u>30/6/2024</u>	<u>30/6/2023</u>
Net profit of the year	9 181 481	7 656 987
<u>Other Comprehensive Income</u>		
Revaluation Financial assets at fair value through Profit/losses	266 872	(148 078)
Reclassification adjustments	--	11 227
Actuarial re-measurements of defined benefit pension plans	9 456	--
<u>Less</u>		
Other comprehensive income tax	(60 046)	30 791
Total other Comprehensive Income of the period after deducting tax	<u>216 282</u>	<u>(106 060)</u>
Total Comprehensive Income of the period	<u>9 397 763</u>	<u>7 550 927</u>

- The accompanying notes (from No. 1 to No. 49) are an integral part of these financial statements and read therewith.

(Mrs. / Neveen Ali)
Head Of financial sector

(Mr./ Tamer Mosli)
Chief financial officer

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

*Translation of Financial Statements
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EASTERN COMPANY (S.A.E)
STANDALONE STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE YEAR ENDED JUNE 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds)

	Issued and paid-up capital	Legal reserve	Statutory reserve	Capital reserve	Other reserves	Reversal of valuation of financial investment	Reserve for reimbursement of difference of employee benefit	Total reserves	Retained earnings	Total equity
Balance as of July 1, 2021	2 110 000	1 205 504	1 673 488	575 129	992 789	(153 600)	--	4 294 310	5 908 136	12 432 556
Adjustment of expenses and revenues from previous years	--	--	--	--	--	--	--	--	150 507	150 507
Expected credit loss no longer than required	--	--	--	--	(10 714)	--	--	(10 714)	--	(10 714)
Dividends	--	--	--	5 588	--	--	--	5 588	(5 588)	--
Transferred to reserves from dividends for 2021/2022 distribution to shareholders	--	--	--	--	--	--	--	--	(3 588 000)	(3 588 000)
Employees contribution	--	--	--	--	--	--	--	--	(398 667)	(398 667)
Board of directors' reward	--	--	--	--	--	--	--	--	(20 000)	(20 000)
Youth and sports contribution	--	--	--	--	--	--	--	--	(20 130)	(20 130)
Other comprehensive income items	--	--	--	--	--	--	--	--	--	--
Net periodic gain 01/07/2022 till 30/6/2023	--	--	--	--	--	--	--	--	7 656 987	7 656 987
Comprehensive income items	--	--	--	--	--	(106 060)	--	(106 060)	--	(106 060)
Balance as of 30/6/2023	2 110 000	1 205 504	1 673 488	580 717	982 075	(258 660)	--	4 183 074	9 703 325	16 116 399
Balance as of 1/7/2023	2 110 000	1 205 504	1 673 488	580 717	982 075	(258 660)	--	4 183 074	9 703 325	16 116 399
Adjustment of expenses and revenues of previous years	--	--	--	--	--	--	--	--	22 560	22 560
Reverse of expected credit losses	--	--	(773 600)	--	(15 431)	--	--	(15 432)	--	(15 432)
Income in capital	170 000	--	--	--	--	--	--	(170 000)	--	--
Dividends	--	--	--	225	--	--	--	225	(225)	--
Transfer of reserves of dividends 2022/2023 distribution to shareholders	--	--	--	--	--	--	--	--	(8 162 500)	(8 162 500)
Employees distribution	--	--	--	--	--	--	--	--	(931 389)	(931 389)
Board of directors' reward	--	--	--	--	--	--	--	--	(20 000)	(20 000)
Youth and sports contribution	--	--	--	--	--	--	--	--	(34 285)	(34 285)
Other comprehensive income items	--	--	--	--	--	--	--	--	--	--
Net Year gain 01/07/2023 till 30/6/2024	--	--	--	--	--	--	9 456	9 456	9 181 481	9 181 481
Comprehensive income items	--	--	--	--	--	208 326	--	208 326	--	208 326
Balance as of 30/6/2024	3 000 000	1 205 504	903 498	580 942	968 583	(51 834)	9 456	3 614 149	9 554 967	16 169 116

The accompanying notes (from No. 1 to No. 09) are an integral part of these financial statements and read therewith.

(Mrs. / Neveen Ali)
Head of financial sector



(Mr. / Tamer Mosib)
Chief financial officer



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



EASTERN COMPANY (S.A.E)
STANDALONE STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30,2024

(Amounts expressed in Thousands of Egyptian Pounds)

Total	Subtotal	Notes no.	Item	As of 30/6/2023
			<u>Cash flows from operating activities</u>	
	62 370 893		Cash sales and receivables collection	63 751 186
	(8 919 612)		Cash purchases and payments to suppliers	(7 341 705)
	(1 873 628)		Paid salaries	(1 768 769)
	2 345 506		Operating income for others and other revenues	2 403 900
	176 621		Collected credit interest	66 032
	(35 224)		Paid interest	(10 851)
	(43 143 851)		Paid tax and fees	(53 230 976)
	1 856		Export subsidy / Grants and Subsidies	2 515
	(6 184)		Collected insurance claims	12 483
	(35 399)		Other payments	(76 033)
10 880 978			(1) Net Cash flows from operating activities	3 807 782
	(180 930)		<u>Second: Cash flows from investment activities</u>	
			Payment for purchasing fixed assets (projects under construction)	(109 193)
	14 919		Collected from sales of fixed assets	--
	--		Under Establishment Investments in subsidiaries	(1 000)
	--		Investment in associates	(24 000)
	(84 290 356)		Purchase treasury bills	(59 435 907)
	(2 484 001)		Purchase investment in securities	(49 547 008)
	78 304 425		Selling Treasury Bills	59 338 113
	1 436 446		Selling Bonds	1 696 565
	554 474		Selling foreign Bonds	-
	6 771 847		Selling investment in Securities	50 477 415
	53 691		Gain from Selling investment in Securities	300 483
	--		(Loss) from Selling investment in Securities	(78 286)
180 515			(2) Net Cash flows from investment activities	2 617 182
	(9 111 433)		<u>Third: Cash flows from financing activities</u>	
			Dividends paid	(3 709 370)
(9 111 433)			(3) Net Cash flows from finance activities	(3 709 370)
55 356			(4) foreign currency exchange differences losses and gain	212 558
2 005 416			Net cash from 1/7/2023 to 30/6/2024	2 928 152
2 932 452			Cash balance as of 1/7/2023	4 300
4 937 868		43	Cash and cash equivalent at the end of the year 30/6/2024	2 932 452

- The accompanying notes (from No. 1 to No. 49) are an integral part of these financial statements and read therewith.

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

(Mr./ Tamer Mosli)
Chief financial officer

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

Mosli

Hany Aman

EASTERN COMPANY (S.A.E)
STATEMENT OF PROPOSED DIVIDENDS
FOR THE YEAR FROM 1/7/2023 TO 30/6/2024
(Amounts expressed in Thousands of Egyptian Pounds)

2024/6/30		Item	2023/6/30	
Total	Subtotal		Total	Subtotal
	9 181 481	Profit of the year		7 656 987
	373 486	Adding retained earnings		2 046 338
9 554 967		Distributable profit	9 703 325	
		<u>Deduct</u>		
		<u>Reserves</u>		
	294 496	Legal reserve		
	--	Statutory reserve		
	14 918	Capital reserve		225
	--	Other reserves		
9 245 553			9 703 100	
903 194		Employees dividends	931 389	
150 000		Shareholders' dividends (1)	111 500	
(1 053 194)			(1 042 889)	
8 192 359		Net	8 660 211	
		<u>Deduct</u>		
	7 950 000	Shareholders' dividends (2)		8 251 000
	28 750	Board of Directors bonuses		20 000
	45 908	Authority of youth and sport		38 285
(8 024 658)			(8 309 285)	
167 701		retained earnings	350 926	

(Tamer Mosli)
Chief of the financial Officer

(Hany Aman) CEO & Managing Director

EASTERN COMPANY (S.A.E)

1- COMPANY

Company's commercial name:

Eastern Company (S.A.E) Located in Giza.

Establish date and location:

- The Company was established on 12/07/1920 in Giza city - the Arab Republic of Egypt.
- The Company was registered in the Commercial Register under No. 6069.
- The Company is located at the sixth industrial zone - Oasis Road plots numbers (87 to 98) - Fifth zone - 6th of October City-Giza. 1

Purpose

- The Company main activities are manufacturing and trading of Tobacco leaf, its products and modern smoking alternatives and accessories/ practicing any investment, financial, commercial, industrial, agricultural or service activities (except all relevant provisions of the capital market according to the Law no. 95 for the year of 1992 with the commitment of the company to adjust its situation in accordance with the provisions of the Law No. 120 for the year of 1982.
- Real estate Ownership and Construction, purchasing and dividing lands for the purposes of utilization, rental or sale, import, export, and commercial agencies.
- Establish, participate in establishing, purchasing of companies, contribute to them even if these entities are practicing its activities or part of it inside or outside the Arab Republic of Egypt, in order to develop or achieve any of its goals in accordance to the provisions of the laws, regulations and current decisions. Taking into consideration issuing the necessary licenses to practice these activities. The Company may participate or cooperate in any way with other companies which have similar or non-similar activities.

Main shareholders

- Global Investment Holding Company owns 30% of the company's shares and The Holding Company for Chemical Industries owns 20.95% of the company's shares at 30/06/2024.

Trading Shares on the Stock Exchange Market:

- The Company's nominal shares are traded in the Egyptian Stock Exchange market.

Company duration:

- The Company's duration is Fifty years starting from 2/6/2019 till 1/6/2069 as from the date of registration in the commercial register.

Date of issuing the financial statements:

- The financial statements have been approved by the board of directors on August 29,2024

Company's financial year:

- From 01/07/2023 till 30/06/2024.
- The Extraordinary General Assembly held on 02/06/2019 decided to approve the regularization of the company's situation and approve its transition from the provisions of Law No. 203 of

1991 regarding public business sector companies to the provisions of the Joint Stock Companies Law No. 159 of 1981 and its executive regulations in light of the decrease in the percentage of ownership of the Holding Company for Chemical Industries from 51% in the company's capital shares. Approving the new Articles of association which were prepared in accordance with Corporate Law no. 159 for the year 1981 and its executive regulation as it was presented to the General Assembly.

- Private Placement percentage was 95% from the total offered shares with number of 96187 500 shares, the share price was 17 EGP per share with total amount of EGP 1 635 187 500.
- The Public Placement percentage was 5% from the total offered shares with number of 5062 500 shares, the share price was 17 EGP per share with total amount of EGP 86 062 500.
- IPO has been covered by total amount of EGP 1 721 250 000.
- On 02/06/2019 the Shares Percentage of the Holding Company for Chemical Industries decreased from 55% to be 50.50%, (after execution of treasury stock).
- At 16/08/2022 The Capital decreasing has been approved from 2 250 000 thousand pound to 2 230 000 by the financial regulatory authority so that percentage of the Holding Company for Chemical Industries is 50.95% (after execution of treasury stocks).
- The Company General Assembly held on May 26,2022, and decided the follows:
 1. Approval of Amcndment Agreement No. (1) of the agreement of the founders of the United Tobacco Company in preparation for a contribution of 24% in the capital of the United Tobacco Company.
 2. Approval of the main agreement regulating relations between the United Tobacco Company (under incorporation) and the Eastern Company "Eastern Company".
 3. Approval of a lease contract for a plot of land and buildings designated to produce Philip Morris products with the United Tobacco Company.
 4. Approval of a lease contract for the production lines used in the production of Philip Morris products with a promise to sell with the United Tobacco Company.
 5. Approval of the rental and leaseback the machines owned by Philip Morris Company and intended to produce Philip Morris products.
 6. Approval of a contract to manufacture a limited amount of Philip Morris tobacco products.
 7. Approval of the printing contract with the United Tobacco Company
- The Extra Ordinary General Assembly held on May 26, 2022, and decided the follows:
- Approval of the amendment of the company's address in the industrial and commercial register and the amendment of Article (4) related to that, as well as approval of the amendment of Articles (7) and (21) regarding the amendment of the name of the Chemical Industries Company to become the Holding for Chemical Industries (SAE).
- On November 16, 2023, the Chemical Industries Holding Company (CHEC) completed a sale of 669,000,000 shares of Eastern Company, representing 30% of its total shares. The sale was to Global Investment Holding Company through the large-volume transactions platform at a price of EGP 24.52 per share, for a total value of EGP 16,403,880,000. Based on this, the company held its ordinary/extra - ordinary general assembly on December 21, 2023, to approve the following resolutions:

- First: Approval of the recompositing of the board of directors in accordance with the provisions of proportional representation.
- Second: Approval of amending Article (7) of the article of investment regarding the shareholder structure.
- Third: Approval of the amendment of Article (21) of the company's article of investment regarding the composition of the board.
- The Extraordinary General Assembly held on 04/03/2024 to approve the increase of the issued capital from 2 billion and 230 million Egyptian pounds to 3 billion Egyptian pounds, as well as to approve the increase of the issued capital from 3 billion Egyptian pounds to 15 billion Egyptian pounds.

2- BASIS OF PREPARING FINANCIAL STATEMENT:

2/1 Accounting Standards:

- The standalone financial statements were prepared in accordance with Egyptian accounting standards and considering the relevant Egyptian laws and regulations. The company has a associate company, which is the United Company, and in accordance with Egyptian Accounting Standard No. (42) Consolidated Financial Statements. The company will prepare the consolidated financial statements immediately after the issuance of the audited financial statements of the United Company, as it as of the date of preparing the financial statements, the United Company has not yet issued its financial statements.
- The company has accounted for investments in associate companies in its financial statements in accordance with the relevant Egyptian accounting standards, which were amended in March 2024. The amendments introduced the option to apply the equity method for investments in subsidiaries, associates, and joint ventures. The company opted for early adoption of this approach, resulting in no discrepancies between its standalone and consolidated financial statements. As a result, the company issued standalone financial statements that are identical to its consolidated financial statements.

2/2 Basis of Measurement:

- The stand-alone financial statements have been prepared in accordance with the historical cost methods except for financial investments at fair value through other comprehensive income which was measured at fair value at preparation date of financial statements.
- The stand-alone financial statements based on the company continuity.
- The stand-alone financial statements have been prepared according to the accrual basis except the cash flow which is prepared according to the cash basis.
- The cash flows statements have been prepared according to direct method.

2/3 Functional and presentation currency:

- The company's standalone financial statements presented in Thousand Egyptian Pound, while the transaction currency is the Egyptian Pound.

2/4 Use of Estimates and Judgment:

- The financial statements have been prepared in accordance with the Egyptian Accounting Standards and this requires the use of estimates and assumptions that affect the values of assets and liabilities and the disclosure of potential liabilities, as well as on revenues and expenditures. Although these estimates are based on the best information available to management on current conditions and events, the results are they may differ from these estimates, and changes in the accounting estimate are included in the period in which this change occurred and in any future periods affected.

3/5 The information about applying the accounting policies which have huge impact at the recorded amounts in the financial statements which is shown according to the following policies:

- Disclosure NO. (3-8) Lease contracts - Disclosure NO. (3-17) Revenue recognition.

The following are main items that the company applied estimation and judgments:

- Estimation of the ages of fixed assets.
- Provisions.
- Deferred tax assets.
- Deferred tax liabilities.

2/5 Fair value measurement:

- The fair value for financial instruments is determined based on either the market value or similar financial instrument at the date of the financial statements without deducting any future selling costs.
- The financial assets value is determined based on the current purchase prices of these assets, while the financial liabilities value are determine based on the current prices which can settle these liabilities.
- In case of an active market to determine the fair value of financial instruments, the fair value will be estimated by the different evaluation methods considering the latest transaction's prices or other similar instruments are guided, use the discounted cash flows method or any other evaluation method that result a reliable value.
- Estimates of the future cash flows based on the best the management estimates when use the discounted cash flows as an evaluation method and determine the used discounted rate according to the prevailing market price as at the financial statements date of similar financial instruments of their nature and conditions.

3- SIGNIFICANT ACCOUNTING POLICIES:

The Significant Accounting Policies applied in a consistent base throughout the presented financial periods in these financial statements.

3/1 Foreign Currencies translation:

- The company's functional and reporting currency is the Egyptian pound.
- Transactions denominated in foreign currencies during the year are translated to Egyptian pounds at the prevailing rates as at the transaction date. At year-end, monetary assets and liabilities denominated in foreign currencies are translated to Egyptian pounds using the prevailing rates as at that date. Translation differences are included in the income statements.

3/2 Fixed Assets:

3/2/1 Initial recognition

- Items of property plant and equipment are stated at cost and presented in the statement of financial position net of accumulated depreciation and accumulated impairment losses, if any.
- The cost of PPE is determined by capital expenses connected directly to purchase an asset which include the cost of the self-manufactured assets cost of the materials and direct wages, and any other costs incurred by the company, so the fixed asset is ready to use.

3/2/2 Subsequent Measurement:

- The company recognizes the cost incurred to replace a part of a fixed asset within the book value of the asset on the date that the cost is incurred, and the book value of the replaced parts is derecognized.
- The depreciable amount of the fixed asset, which is the cost of the asset minus its residual value, is depreciated on a straight-line basis over the useful life of each type of fixed asset. Depreciation is charged to profit and loss.
- Land is not depreciated. Below is a statement of the estimated useful life for each type of fixed asset:

<u>Estimated useful live</u>	<u>Estimated useful lives (year)</u>
Buildings	25-50
Machines	10
Vehicles	5-8
Tools	5
Furniture	4-10

3/3 Projects under construction:

- Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to the working condition for its intended use. Projects under construction are transferred to the fixed assets at cost when they are completed and are available for the purpose for which they were acquired.

3/4 Investments property:

- A non-temporary decrease has been applied that will be loaded to the income statement, and real estate investments are represented in land and real estate retained to achieve rent or increase in their value or both, and real estate investments were initially measured at cost and were later measured at cost minus the combined depreciation and impairment losses, and depreciation expense and impairment losses are recorded with profits or losses.
- Investment property is depreciated according to the straight-line method, over the estimated productive life of each item of investment property. Land is not depreciated, and the useful life of properties is estimated at 2% to 3.75%.
- Profits or losses from disposing are calculated as the difference between the net proceeds from disposal of the property and the net book value which charged to income statement.

3/5 Investments in associate:

- "The company has recognized the initial investments in associate companies at cost in the independent financial statements in accordance with the relevant Egyptian accounting standards."
- "The company has recognized its share of profits in associate companies in the independent financial statements within the profits and losses according to the amendments to the Egyptian Accounting Standards applied in March 2024."
- "The company recognizes distributions of profits from its investments in associate companies when it is entitled to receive the distributions."

3/6 Investments:

3/6/1 Financial assets at fair value through other comprehensive income:

- Financial investments at fair value through comprehensive income are measured later at fair value through the statement of comprehensive income. Interest income is calculated at amortized cost using the effective interest method, and foreign exchange gains and losses are included in profit or loss. Upon exclusion, the accumulated profits, and losses in the statement of comprehensive income are reclassified as profit and losses.

3/6/2 financial assets at amortized cost:

- Investments in government bonds are valued at acquisition cost and the return on these investments is recognized under the income from investment item in the income statement.

3/6/3 Financial assets at fair value through profits and losses:

- Treasury bills are measured at cost through profits and losses, and investment funds are measured at fair value through profits and losses.

3/7 Other assets:

- The other assets are represented in the licenses cost which expected to generate future economic benefits for the company and the company contribute in establishment of non-owned assets to serve its purposes.
- The other assets are recognized initially at cost after deduction amortization. Cost includes all expenditures directly attributable to bringing the asset to the working condition for its intended use.
- The amortization percentage for the non-owned assets 10%, H.R program amortization 25%, and the Microsoft program amortization 25%.

3/8 Lease contracts:

1- Determine whether the arrangement contains a lease contract or not

- At the inception of the arrangement the company determines whether the arrangement is or contains lease at the outset or upon re-evaluation of any arrangement containing a lease, the company details the payment and other consideration what is required by the arrangement in those for the lease contract is those for other the elements on the basis of their relative fair values if the company concludes in a finance lease contract that it's not possible to separate payments in a reliable manner, then the asset and liability are recognized at an amount equal to fair value of the underlying asset, after which its reduced the liability is when the payments are made and a financing cost calculated on the liability is recognized using the borrowing rate.

2- Leased assets:

- Lease contracts for property, plant and equipment that transfer to significant degree to the company all the risks and rewards associated with ownership are classified as financial lease contracts the leased assets are initially measured at an amount equal the fair of the fair value and present value of the minimum lease payments, whichever is less after the initial recognition, the assets are accounted for in accordance with the accounting policy applied to that asset.
- Assets held under other lease contracts are classified as operating lease contracts and are not recognized.

3- Lease payments:

- Payments made under operating leases are recognized in profit or loss on straight line basis recognized as an integral part of over the term of the lease.
- Lease incentives received are total leasing expenses, over the term of the lease the minimum rental payments made under financial lease contracts are divided between financing expense and reducing outstanding obligations, Financing expenses are charged for each period during the lease, to reach a fixed periodic interest rate on the remaining balance of the obligation.

3/9 Inventory:

- Inventory of raw materials and production inputs is valued at cost, with the cost of goods sold being assessed based on the weighted average cost method. Inventory of work-in-progress is valued at cost up to the last stage of production, while finished goods inventory is valued at the lower of cost or net realizable value.
- The company follows a perpetual inventory system for recording items and their usage in operations, while a periodic inventory method is used to account for the ending inventory of both finished and work-in-progress items.
- The inventory of raw tobacco is sufficient for approximately 1.3 months.
- The finished goods inventory is adequate to meet market needs for about 5 days.
- The inventory of raw tobacco in customs warehouses is approximately 191 million Egyptian pounds. Customs duties on this inventory are settled upon receipt from these warehouses.

3/10 Cash on hand and at banks:

- Cash and cash equivalents are comprised of cash on hands, at banks and time deposits with maturity of three months or less.

3/11 Provisions:

- Provisions are recognized when there is an existing or inferred liability as a result of an event in the past and is expected to require an influx of economic benefits that are used to pay that obligation and a reliable estimate of the amount of this obligation can be made and the balance of the provisions on the balance sheet date is reviewed and adjusted when necessary to show the best current estimate of it.

3/12 Capital:

- Paid up and issued capital represent the nominal value per share multiplied by the number of shares as of financial statements date.

3/13 Employees benefits:

a. current employee benefits:

The short-term employee benefits are recognized as expense when providing the related service, the expected payment is recognized as a liability when the Company has a legal or implicit obligation to pay this amount against a service which has been provided by the employee and the obligation can be reliably measured.

b. Defined subscription benefits:

The obligations of defined subscription benefits systems are recognized as an expense when the related service is provided. Prepaid contributions are recognized as an asset to the extent that the advance payment leads to a reduction in future payments or a cash refund. The company contributes to the government social insurance system for the benefit of its employees in accordance with the Social Insurance Law. Under this law, employees and employers contribute to the system with a fixed percentage of wages, limited to the company's commitment to the value of its contribution, and the company's contributions are charged with profits or losses according to the accrual basis.

c. Employee end of service benefits:

The company recognizes termination benefits as an expense on one of the following two dates, whichever comes first, when the company can no longer cancel the offer of those benefits or when the company recognizes restructuring costs, and when it is not expected that the benefits will be settled in full within 12 months. Reviewed after the date of preparation of the financial statements, they must be discounted at a discount rate - before taxes to reflect the time value of money.

3/14 Reserves:

- The company's reserves are formed either by law or by the company's bylaws in order to strengthen the company's financial position. The reserve is used by decision of the General Assembly based on the proposal of the Board of Directors in what is most in the company's interests.

3/15 Buy back shares or reissue ordinary shares (Treasury Stock):

- When repurchasing issued capital shares, the amount paid for the repurchase, including all direct costs related to the buyback, is recognized as a reduction in equity. Repurchased shares are classified as treasury shares and are presented on the balance sheet as a deduction from equity. Upon the sale of treasury shares, the proceeds are recognized as an increase in retained earnings. The company committed to the law in its buying, selling and disposal according to law no.(159) year 1981.

3/16 Borrowing Cost:

- Borrowing cost are initially recognized upon receipt the loans or credit facilities, current portion are classified in the current liabilities unless that the company has the right to reschedule the payment of loans for more than one year after the date of the financial position which will be classified as long-term loan in the long-term liabilities.

3/17 Revenue:

a. The Egyptian accounting standard no.(48)-Revenue from contracts with customers:

- The Egyptian Accounting standard No. (48) Revenue from contracts with clients has been applied which replaced the accounting standards no.(11) and no.(8)
- **Revenue recognition:**

Revenue is recognized based on Five-step model as defined in the Egyptian accounting standard No. (48) as follows:

- **Step (1):** identify contract(s) with customers. A contract is defined as agreement between two or more parties that creates enforceable rights and obligations and specifies the criteria that must be fulfilled in each contract.
- **Step (2):** identify performance obligations in the contract. Performance obligation is a promise in a contract with a customer to transfer to the customer either good or service.
- **Step (3):** Determine the transaction, Price.
The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.
- **Step (4):** Allocation of transaction price to its performance obligations in the contract for the contracts which has more than performance obligation. The company will allocate the transaction price to each performance obligation to a specific amount in exchange for the contract that the company expects to obtain in exchange for fulfilling each performance obligation.
- **Step (5):** Recognize revenues when the company satisfies the performance obligations.

b. Credit Interest Revenue:

- The Credit Interests revenue is recognized using the effective interest rate, the revenue of credit interest is recorded in the income statement.

3/18 Income tax:

- The income tax on the profit for the period comprises income tax for the period and deferred tax, and it should be recognized in the income statement, the income tax on the net profit is recognized by using the current tax price rate as of the financial statements date.
- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted by the balance sheet date.
- Deferred tax assets are recognized for the entity when there is a proven probability to achieving profit subject to tax in the future, and can get a right of this asset, and the value of the deferred tax assets is reduced by the value of the part from which the expected tax benefit is achieved during the following periods.

3/19 Accounting for grants and subsidies:

- The company recognized revenue from the export subsidy (grants and subsidies) in income statements and the donated assets recorded as grants in the fixed assets item and charge the depreciation related to income statement.

3/20 Dividends:

- Dividends are recognized when shareholders have the right to receive the amounts of these dividends

3/21 Company profit from sale investments:

- Gains from sale of financial investments are recognized immediately upon receipt of evidence of the transfer of ownership to the buyer, based on the difference between the sale price and their book value on the date of sale.

3/22 Investment income:

Revenues are generated when the company collects dividends from investments when the dividends are approved by the general share of the invested companies.

3/23 Employees' profits share:

- Employees' profits share should be paid without exceeding their total annual basic salaries in accordance with the law.

3/24 Contingent liabilities:

<u>Company contingent liabilities</u>	<u>Amounts in Thousands of Egyptian Pounds</u>
letters of guarantee relevant to Cairo and Alexandria customs	739 875
Letter of credits	9 675 835
Total	10 415 710

4- FINANCIAL RISK MANAGMENT

4/1 Credit Risk:

- The financial instruments risk represents the inability to pay due to liquidity issues of debtors with credit term and cash and deposit at banks except for cash at safe and financial deposits in case that liquidity is not available to the other party, and therefore its inability to pay these balances and fulfill its agreed obligations.
- The company management to control credit risk deals with reputable financial institutions with high credit and stable ratings.

4/2 Liquidity Risk:

- The liquidity risk is the risk that when the company cannot settle its liabilities or financial commitments on due dates, the Company's approach regarding managing liquidity is to ensure that it has a sufficient liquidity to meet its liabilities on its due dates in both normal and critical circumstances without incurring unacceptable losses or damaging the Company's reputation, the company also ensures the cash is available on request to meet the expected operating expenses for an appropriate period of time including the financial obligations and disposal the potential impact of acute and unpredictable conditions such as natural disasters.
Also, the company invests the available excess cash from daily cash receipts in the best aspects of short-term investment.

4/3 Market Risk:

- Market risk is represented in the changes in the market prices such as foreign exchange currencies and interest rates.
 - The purpose of managing market risk is managing and controlling the market risk exposure within the acceptable parameters with maximizing revenue.
- (a) Foreign currencies risk:** The foreign currency risk is represented in changes in foreign currency exchange rates, which affect the payments and receivables in foreign currencies, as well as evaluating assets and liabilities in foreign currencies which the company management facing it through setting policies such as the value of what the company gets from the spare parts local manufacturing and capital equipment, purchasing from supplier's agents, etc.

The Foreign currencies balances as of June 30, 2024: (In thousands)

	<u>Assets</u>	<u>Liabilities</u>	<u>Net value</u>
Dollars	(19 854)	(180 533)	(200 387)
Euro	264	(7 778)	(7 514)
Sterling pound	8	(1 512)	(1 504)
Swiss Franc	3	0	3

(b) Interest rate risk:

- The Company is dealing with various banks with interest rates that enable it to reduce the risk of changes in interest rates, whether debit interest or credit interest through competition among banks to get the best rates based on the large business size.
- Interest-bearing bank deposits during the financial time referred to which are the total deposits in local and foreign currencies.
- The fair values for financial instruments are not materially different from their carrying values at the end of the financial period.

4/4 Capital Management:

- The company's policy is to maintain a strong capital base in order to maintain shareholders, creditors, and market confidence and to support future development.
- The company's management's goal in managing capital is to maintain the company's ability to continue in a way that achieves a return for shareholders and provides benefits to other parties to gain market confidence and support future development.
- The company's management also aims to maintain the best capital structure, which leads to reducing capital costs. Management monitors the return on capital to maintain the best capital structure.
- The Board of Directors also monitors the level of shareholder distributions. The company's management monitors the capital structure using the ratio of net liabilities to total capital. Net liabilities represent the total current and non-current liabilities, minus cash and cash equivalents, and the total capital represents the total equity of the company as shown in the company's independent financial position, in addition to the net liabilities:

	<u>30/6/2024</u>	<u>30/6/2023</u>
Total Liabilities	16 695 800	10 184 362
Deduct: Cash and cash equivalent	(5 902 490)	(3 220 564)
Net Debt	<u>10 793 310</u>	<u>6 963 798</u>
Total Owner's Equity	<u>16 169 116</u>	<u>16 116 399</u>
Net Debt to Equity Ratio	<u>.67</u>	<u>.43</u>

5- RELATED PARTIES DISCLOSURE:

- Global Investment Holding Company owns 30% and the Chemical Industries Holding Company owns 20.95% of the company's shares as of June 30, 2024.
- Related parties are treated on the same basis as third parties.
- The company during the period 1/7/2023 till 30/6/2024 has incurred salaries, allowances, and bonuses for members of the high management and the company's board of directors

6- FINANCIAL INSTRUMENTS:

- The company applied the Egyptian Accounting Standard No. (47) financial instruments and considering the way of applying the change in the accounting policies chosen by the company in applying this standard, the differences resulting from the application of this standard referred to "if any" within the Retained earnings and the comparative information included in these financial statements was not modified to reflect the requirements of the new standards.

6/1 Accounting standard No. (47) - Financial instruments:

Standard No. (47) contains main classifications to financial assets:

- Measurement at amortized cost
- Fair value through comprehensive income
- Fair value through profits and losses
- And the classification of the financial assets under accounting standard no. (47) is based to the business model in which the financial assets management and the characteristics of the contractual cash flow takes place.
- The Egyptian accounting standard no. (47) omit the previous items of the Egyptian accounting standard no. (26) from investments held to maturity, loans and receivables and available- for -sale financial assets.
- The Egyptian accounting standard no. (47) Keeps to a large extent the current requirements in the standard no. (26) for measurement and classification the financial liabilities.
- The application of the Egyptian accounting standards no. (47) doesn't have a significant effect on the accounting policies related to the financial liabilities and derivative financial assets.

6/2 Impairment of financial assets:

- Egyptian Accounting Standard No. (47) replaces the "incurred loss" model in Egyptian Accounting Standard No. (26) with the "expected credit loss" ECL model. The new impairment model is applied to financial assets measured at amortized cost, contractual assets and investments in debt instruments measured at fair value through Other comprehensive income, but not on investments in equity instruments under Egyptian Accounting Standard No. (47), credit losses are recognized earlier than in Egyptian Accounting Standard No. (26), for assets that fall within the scope of the impairment model contained in Egyptian Accounting Standard No. (47) It is expected that impairment losses will increase in general and become more volatile.
- The Company measures the impairment loss to financial management at the amount of the credit loss path expected over the lifetime if the credit risk on that financial department has increased significantly since initial recognition.
- If at the reporting date on a financial instrument the credit risk has not increased significantly since initial recognition, the company must measure the impairment loss for that financial instrument at an amount equal to the 12 months expected credit losses.

- If the company had measured the impairment loss for a financial instrument at an amount equal to the expected credit losses over its life in the previous reporting period, but decided at the financial reporting date that it was no longer met, then the company measures the impairment loss at an amount equal to the expected credit losses over a period of 12 months from the date of the financial instrument.
- The company records the amount of credit losses to a gain or loss in profit and loss, which is required to adjust the impairment loss at the reporting date to the amount that must be recognized in accordance with Standard (47) as a gain or impairment loss.

6/3 Expected credit losses measurement.

- It is a probability-weighted estimate of credit losses; the present value of all cash shortfalls was measured (the difference between the cash flows due to the entity in accordance with the contract and cash flows that the company expects to be received).
- Expected credit losses are discounted at the effective interest rate of the financial asset.

6/4 Expected credit losses provision presentation

- Impairment losses for financial assets measured at amortized cost were deducted from the total amount of the assets' book value, either for securities in debt securities that were measured at fair value through other comprehensive income, the impairment losses were charged to profits or losses and recognized in other comprehensive income.

6/5 Contingent assets

The potential assets represent the compensation values issued in favor of the company according to

	Value (in millions)
A judgment was issued in Case No. 9869 of 1994 (total civil) Cairo appeals to compensate the company, and that was during the 10/5/2017 hearing and until this date, the judgment has not been implemented. And the implementation procedures are underway in cooperation with the governor of Cairo.	12
A judgment was issued in Case No. 3650 for year 2000 Civilians, all of Giza, on December 25, 2019, and to date, the judgment has not been implemented And the implementation procedures are underway in cooperation with the governor of Giza	42
Total	54

the following statement:

7-TAX POSITION

7/1 Corporate Tax:

- The company was inspected till the financial year 2014/2015 and paid the payment of tax and there are no claims due for previous periods.
- The company has received for years 2015/2016 & 2016/2017 & 2017/2018 Form no 19 income tax has been received and challenged within the legal deadlines and is being considered through internal committees.
- The financial years 2018/2019 & 2019/2020 is under inspection, the documents have been delivered, and the additional required documents are being prepared.

7/2 Stamp Tax:

- The company was inspected from 01/07/2016 till 30/06/2020 and was received form no. (19) stamp and appealed on legal due date.

7/3 Pavroll Tax:

- The company was inspected till the financial year 2012 and there are no due requirements from the company.
- For the years 2013 till 2019 the company received a salary form (38) was received and It was challenged within the legal deadlines and is being considered by internal committees.

7/4 Value Added Tax:

- The actual examination was carried out until 30/06/2019 and the payment of the due tax in addition to the payment of the additional tax.
- The actual inspection of the company was carried out from 01/07/2019 to 30/10/2020 and the tax due to date was paid and the additional tax claim was received for that period.

7/5 Property Tax:

- The real estate tax due until 2023 has been paid and the claims received from the real estate tax directorates for the year 2024 are paid.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

8- Fixed Assets (Net)

Fixed assets (net) on 6/30/2024 amounted to 4,005,200 Egyptian pounds. The following is the movement of assets during the year:

	<u>Land</u>	<u>Buildings</u>	<u>Machines and equipment</u>	<u>Vehicles</u>	<u>Tools</u>	<u>Furniture and office equipment</u>	<u>Spare parts</u>	<u>Total</u>
Fixed assets statement:								
Cost as of 1/7/2022	198 515	3 553 195	5 711 427	356 774	201 347	874 768	--	10 896 026
Transfers	--	--	--	--	--	--	--	--
Additions during the Period	--	--	270 051	--	2 188	10 961	--	283 200
Transferred to investment in property	--	--	--	--	--	--	--	--
Disposals and transfers during the period	--	--	--	5 050	4 859	12 945	--	22 854
Cost as of 30/6/2023	198 515	3 553 195	5 981 478	351 724	198 676	872 784	--	11 156 372
Cost as of 1/7/2023	198 515	3 553 195	5 981 478	351 724	198 676	872 784	--	11 156 372
Transfers	--	--	--	--	--	--	--	--
Additions during the period	--	--	21 836	1 795	--	34 477	498	58 606
Transferred to investment in property	--	--	--	--	--	--	--	--
Disposals and transfers during the period	--	--	594 745	6 730	15 591	14 773	--	629 837
Cost as of 30/6/2024	198 515	3 553 195	5 408 571	346 789	185 085	892 488	498	10 585 141
Accumulated depreciation and impairments:								
Accumulated depreciation as of 1/7/2022	--	1 019 606	4 038 687	318 575	162 939	757 989	--	6 297 796
Transfers	--	--	--	--	--	--	--	--
Additions during the period	--	91 759	340 241	12 308	9 314	24 808	--	478 430
Transferred to investment property	--	--	--	--	--	--	--	--
Disposals and transfers during the period	--	--	--	5 050	4 859	12 943	--	22 852
PP&E Impairment	--	--	--	--	--	--	--	--
Disposals impairment provision	--	--	6 009	--	--	--	--	6 009
Accumulated depreciation and impairment as of 30/6/2023	--	1 111 365	4 372 919	325 833	167 394	769 854	--	6 747 365
Accumulated depreciation as of 1/7/2023	--	1 111 365	4 372 919	325 833	167 394	769 854	--	6 747 365
Transfers	--	--	--	--	--	--	--	--
Additions during the period	--	88 812	311 248	11 301	8 861	42 071	91	462 414
PP&E Impairment	--	--	--	--	--	--	--	--
Disposals and transfers during the period	--	--	--	6 730	15 591	14 773	--	35 094
Disposals impairment provision	--	--	594 744	--	--	--	--	594 744
Accumulated depreciation and impairment as of 30/6/2024	--	1 200 177	4 089 423	330 404	162 694	797 152	91	6 579 941
Property, plant, and equipment as of 30/6/2023	198 515	2 441 830	1 608 559	25 891	31 282	102 930	--	4 409 067
Property, plant, and equipment as of 30/6/2024	198 515	2 353 018	1 319 148	16 385	22 351	95 336	407	4 005 200

This also includes No. (46) Insurance - and insurance contracts that cover insurance risks related to fixed assets registered in the company's books.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

An amount of 97,550 Thousand pound related to Al-Zumar site, as well as 53,337 Thousand pounds for the Manesterly site, as well as 19,797 Thousand pounds for the Niaza site, was transferred from fixed assets to investments property according to the company's Board of Directors Decision No. 16 of 2020

On 24/11/2019 the company's board of directors decided in its meeting the decision No. 10 for 2019, going through procedures to re-exploit the company's stores and factories of Al-Zumar Street and change its activities to a hospital and tourism services this is in exchange for paying the value of the improvement which amounted 83,930 thousand Egyptian Pounds, to be paid in two installments:

- First installment 50% and it was paid upon the issuance of the approval of the Chairman of Giza City Council.
- Second installment the 50% remained was paid on 1/12/2020.

On 15/02/2020 the company had the approval of the Exceptions Committee of the Housing and Utilities Directorate in Giza was obtained and initial approvals of (water, sanitation, civil defense, traffic, electricity) were obtained and the approval to construction of the project was paid, and the first installment was paid upon obtaining this approval, and on 6/9/2020 The Board of Directors decided, in a session No. 16 of 2020, to approve the conversion of all the assets of Al-Zumar site as well as the Manesterly site from fixed assets to investments property.

- * The fully depreciated property, plant, and equipment as of June 30, 2024, is 4,042,810 thousand Egyptian Pounds include:
- * Fully depreciated property, plant, and equipment still in use amounted to 3,175,579 thousand Egyptian Pounds (including machines and equipment amounted to 2,189,498 thousand Egyptian Pounds)
- * Fully carried depreciated fixed assets and others under scrap process amounted to 594,742 thousand Egyptian Pounds.
- * The PP&E are including approximately 52,323 thousand Egyptian Pounds representing net donated assets as following:

<u>Donated Assets</u>	<u>Amounts expressed in Thousands of Egyptian Pounds</u>
Production's machinery	51,500
Production Utilities, equipment of Services	111
Transportation Vehicles	1
Furniture	711
Total	52,323

- * The buildings include a value of 4 million EGP related to Giza buildings, and an optimization study is underway, The amount of 262 thousand pounds was deducted from the value of the buildings and represents the value of the impairment of the building of the power station in Muharram Bek.
- * The General Assembly held on 25 October 2020 decided to Waiver the company's land in the city of Al-Arish to a sovereign side due to the expiry of the license and the impossibility of using it under the security conditions in the region.
- * The historical cost of assets excluded from active and non-classified use as assets held for sale is 21,187 thousand pounds with a net book value of approximately 12,880 thousand pounds consisting of two factories menouf and Muharram Bek due to its discontinuation in 2021.

The Ordinary General Assembly of the Eastern Company was held on 7/24/2024 to approve the sale of plots of land, buildings and equipment used in the manufacture of the company's products in the industrial complex in the city of October, called Factory No. (9), and to authorize the conclusion of compensation and extraordinary contracts to correct the material error in Article No. (7) of the company's articles of association regarding the number of shares.

Financial Leasing:

- The Decree of Minister of Investment and International Cooperation No. (69) of 2019 was issued to modify some provisions of the Egyptian Accounting Standards which issued by the Minister of Investment Decree No. 110 of 2015 by replacing the Financial Leasing Standard no. 20 (old one) by a new one numbered (49) covering the Financial Leasing Contracts.
- The financial leasing contracts were treated by the Egyptian Accounting Standard no. (49) according to the Amended Accounting Standards for the year of 2019, This amended standard applied for the leasing contracts which were under the finance leasing law no. 95 for the year of 1995 and its amendments, these contracts were treated by the Egyptian Accounting Standard no. (20) which was stating that "the accounting rules and standards related to process of the finance leasing" and the finance leasing contracts which established under the law of organizing the finance leasing and the factoring activities no. 176 for the year of 2018 starting from the beginning of the annual report time period which in the law no. 95 for 1995 was canceled and instead of the law no. (176) for 2018 was issued.
- A contract was signed with QNB Al-Ahly Company for Financial Leasing to sell and rent some machines with total cost of (398 324 153 Egyptian Pounds) by changing interest rate (average price of corridor + 1.2%) on 28/6/2012 for 6 years in addition to two years as an extra year, after that time period the total rental amount should be paid for 72 months.
- The ownership of these machines will devolve to the company at the end of contract with a memorial amount of 1 L.E.
- The last installment of the lease value of the financial leasing contract was paid with QNB Al-Ahly Financial Leasing Company on 28/06/2020.

9- PROJECTS UNDER CONSTRUCTION

	In thousands	
	30/6/2024	30/6/2023
Investments configuration	280 986	249 703
Investment expenditure	14 506	2
Total	295 492	249 705

Projects investment configuration:

	30/6/2024	30/6/2023
Buildings	1 456	1 456
Machines	25 070	21 658
Equipment	1 334	-
Office equipment and installations	253 126	226 589
Total	280 986	249 703

Investments expenditure:

	30/6/2024	30/6/2023
Advance payments fixed assets	10 184	-
LCs of fixed assets	4 322	2
Total	14 506	2

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

10- INVESTMENTS PROPERTY (NET)

The net investments property on June 30, 2024 amounted to 127 215 thousand Egyptian pounds. The following is the movement of investments property during the period:

Cost as of 1/7/2022	179 987
Transfer from assets	--
Additions	--
Disposals	--
Cost as of 30/6/2023	179 987
Cost as of 1/7/2023	179 987
Transferred to fixed assets	--
Additions	--
Disposals	1 615
Cost as of 30/6/2024	178 372
Depreciation	
Accumulated depreciation as of 1/7/2022	51 083
Transferred to accumulated depreciation	--
Additions	844
Disposals	--
accumulated depreciation as of 30/6/2023	51 927
Accumulated depreciation as of 1/7/2023	51 927
Transferred to accumulated depreciation	--
Additions	845
Disposals	1 615
accumulated depreciation at 30/6/2024	51 157
Net book value as of 30/6/2023	128 060
Net book as of 30/6/2024	127 215

The items of investments property represented as follows:

Land of Gezerat Eldahab at Al-Bahr Al-Azam Street – Giza	8 894
El Zommor site *	95 935
El Manisterly site *	53 337
El Niaza site	19 797
Al Salum Factory Land – Alexandria	404
Gan Marshan land	5
Total	178 2

- Al-Zumar and Al-Manisterly sites have been reclassified to investments property according to the approval of Board of Directors meeting no. (16) for 2020, held on September 6, 2020, based

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

on the memorandum presented on September 2, 2020 to convert of all the assets of Al-Zumar site as well as the Manasterly site from fixed assets to investments property it was also approved to convert Niaza factory site to investment property.

- The land owned by the company located at 41 Abu Darda Street, Laban Division, Alexandria Governorate, was announced for sale by public bidding in the closed envelopes system on Thursday, January 30, 2020, with a total value approximately 51 743 thousand pounds, where the payments will be as follows: -
- Receiving the guaranteed payment amounted to 500 thousand pounds to the company's treasury after the auction has been awarded.
 - The remaining 25% of the guaranteed value must be paid within fifteen days from the date of notification of the award.
 - 25% of the sale value should be paid within 3 months from the date of notification of the award.
 - The remaining 50% should be paid in 12 installments over three years, considering adding an interest equal to the declared lending interest of the central bank as a compensatory interest.
- The preliminary sales contract will be released upon paying 50% of the total sale value, in addition to that the land still belongs to the company's properties.
 - The sales procedures were not completed because one of the partners failed to pay a share in the next payment of the initial insurance amount to complete the first 25% of the total sale value and exit and waive its share and the solidarity of the rest of the partners in paying.
 - the dues of that partner after the approval of the Board of Directors of session No. 12 for the year 2020 on 25 June 2020. To date, however, only 14 049 million pounds of land value has been paid without the rest of the partners completing the 50% of the sale value and are committed to paying it within 3 months of the date of notification of the gearing until the sale contract is released and the procedures are completed.
 - On October 16, 2023, the company confiscated the amounts paid by the bidder, considering the contract automatically terminated, due to the bidder's continued failure to pay the sale price and the payments included in the payment program in accordance with the terms of the bid.

11- Investment in Associates

- Investments in associate represent 24% of the United Company, as the Eastern Company has significant influence over the United Company, as the Eastern Company is represented in the United Company's capital.
- The company has recognized its share of profits from associate companies within the profit and loss for the period. Dividend distributions are recognized when the company obtains the right to receive these distributions.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

12- INTANGIBLE ASSETS (Net)

	<u>30/6/2024</u>	<u>30/6/2023</u>
Computers' program and H.R software license update	66,454	62,695
Amortization	(45,445)	(37,937)
Disposals residual values	(619)	--
Refunded Sales tax	(349)	(349)
Net	<u>20,041</u>	<u>24,409</u>

* The statement of additions and consumption is as follows: -

Statement	<u>30/6/2024</u>	<u>30/6/2023</u>
Beginning balance	24,409	1,802
Additions	3,760	25,582
Disposals	(619)	0.0
Amortization	(7,509)	(2,975)
Ending balance	20,041	24,409

- The useful life of the intangible assets has been reassessed by the technicians and estimated at four (4) years.

13- Financial assets at fair value through OCI

	<u>30/6/2024</u>	<u>30/6/2023</u>
Investments in bonds	900,062	2,361,585
Investments in dollars bonds	926,200	1,174,542
Fair Value Differential Settlement	(57,612)	(324,484)
NET	<u>1,768,650</u>	<u>3,211,643</u>

The financial investments mentioned and presented in the financial statements represent debt instruments measured at fair value through other comprehensive income. These assets are subsequently measured at fair value, and investment income is recognized using the effective interest method. Gains and losses resulting from foreign currency valuation and impairment of these investments are recognized in the income statement, while other gains and losses are recorded in other comprehensive income. Upon disposal, the accumulated gains and losses recorded in other comprehensive income are reclassified to profit and loss. The fair value of Egyptian bonds as of 30/06/2024 is 899,506 thousand Egyptian pounds, and the fair value of dollar bonds as of 30/06/2024 is 869,143 thousand Egyptian pounds.

- The Egyptian bonds were evaluated at their book value on June 30, 2024, after deducting the fair value of the bonds according to the Bank of Cairo's prices on June 30, 2024, with the difference being accounted for in the revaluation differences.
- The dollar bonds were evaluated at their book value on June 30, 2024, after deducting the fair value of the dollar bonds according to the Bank of Cairo's prices on June 30, 2024, with the difference being accounted for in the revaluation differences, considering the evaluation based on the Central Bank's prices.

14- FINANCIAL ASSETS AT AMORTIZED COST

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

	<u>30/6/2024</u>	<u>30/6/2023</u>
Deposit in the Central Bank of Egypt invested in government bonds*	20 663	20 663
Investments in other companies shares	5	5
Investments in foreign securities**	<u>0.0</u>	<u>23</u>
Total	20.668	20 691
Less impairment in securities	0.0	(23)
Less provision for expected credit losses	0.0	(136)
Net	<u>20.668</u>	<u>20 532</u>

* Cash deposit in the Central Bank of Egypt to be invested in Governmental bonds and National Investment Bank against 5% of the surplus from the prior years of issuing the law no. 203 for the year of 1991, the cash deposit yields a return of 3.5% annually against surplus invested in governmental bonds The company has addressed both the Ministry of Finance and the National Investment Bank to recover these amounts and informed the concerned authorities that depositing these amounts was for a national purpose and was made in accordance with a legislative instrument that regulated the method of depositing this amount and the annual return due from it, and that in light of the fatwa of the General Assembly for Fatwa and Legislation of the State Council, it is not possible The company may recover the value of these amounts only in accordance with a legislative instrument regulating the process of recovery.

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

15- RIGHT OF USE ASSETS (NET)

	<u>30/6/2024</u>	<u>30/6/2023</u>
Right of use leased assets	507.561	507 561
Accumulated depreciation right of use leased assets	<u>(298.248)</u>	<u>(290 067)</u>
Net	<u>209.313</u>	<u>217 494</u>

Finance lease contracts have been processed at the company (sale with repurchase) that ended before the issuance of Egyptian Accounting Standard No. 49, which still have a productive life in accordance with the requirements of Annex C of the standard, and which are represented in the company's buildings, which range in age from 50 to 40 years, and which were sold and leased back during the year.

Financial year 2009, where the date of operation was in the financial year 2007, and these buildings include (the preparation plant building -Workshop building - power station building) and their historical cost is 348 million Egyptian pounds, in addition to the previous treatment of usufruct assets and machinery, which cost about 159 million Egyptian pounds.

16- OTHER ASSETS

	<u>30/6/2024</u>	<u>30/6/2023</u>
The company's contribution to the project of filling, improvement, and coverage of the El Zomor Canal	378	453
Long term prepaid expense *	<u>12 000</u>	<u>18 000</u>
Net	<u>12 378</u>	<u>18 453</u>

* The 12 million pounds represents the value of the non-rolling and prepaid part of the electricity consumption project for the construction of a B.O.T power plant in the industrial complex on October 6th.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

17- INVENTORY (NET)

	<u>30/6/2024</u>	<u>30/6/2023</u>
Raw materials	690 913	623 642
Raw materials (Tobacco leaf) under customs custody	190 604	831 359
Fuel inventory	11 518	2 045
Spare parts	751 885	662 104
Packaging	1 823 099	1 426 882
Waste and scrap	--	689
Materials and spare parts under process storage	543	430
Production work in process	128 462	54 466
Finished goods	153 784	168 467
Consignment packing materials and spare parts	967	1 090
Goods by road	134 771	--
Letter of Credit	1 124 913	161 103
Total	<u>5 011 459</u>	<u>3 932 277</u>
Less the write down in inventory *	<u>(67 182)</u>	<u>(52 591)</u>
Net	<u>4 944 277</u>	<u>3 879 686</u>

- * Write down in inventory include:

	<u>30/6/2024</u>	<u>30/6/2023</u>
Raw Materials	215	720
Spare parts	48 160	47 186
Packing materials	17 798	3 848
Semi-finished products	92	92
Finished products	917	745
Total	<u>67 182</u>	<u>52 591</u>

18- ACCOUNT AND NOTES RECEIVABLE (NET)

	<u>30/6/2024</u>	<u>30/6/2023</u>
Trade receivables (foreign production)	203 677	67 452
Foreign Trade receivables	4 316	3 700
Total	<u>207 993</u>	<u>71 152</u>
Deduct: provision of expected credit losses	<u>(2 466)</u>	<u>(846)</u>
Net	<u>205 527</u>	<u>70 306</u>

*Foreign manufacturing customers and joint production customers pay in the following month, knowing that the company does not follow the deferred sale system in local sales.

19- DEBTORS AND OTHER DEBIT BALANCES (NET)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

	<u>30/6/2024</u>	<u>30/6/2023</u>
Debtor Accounts to governmental Authorities	1 427 192	501 190
Accrued revenues	92 590	150 675
Prepaid expenses	26 572	15 448
Other debit balances	241 286	86 050
Total	<u>1 787 640</u>	<u>753 363</u>
Less impairment in debtors	(23 601)	(23 617)
Less provision of expected credit losses (debit balances)	(1 717)	(2 056)
Net	<u>1 762 322</u>	<u>727 690</u>

19/1 Debtor Accounts to governmental Authorities

	<u>30/6/2024</u>	<u>30/6/2023</u>
Debit balance for holding company	1 081	--
VAT tax authority	1 129 289	459 850
Custom authority - Public Goods Secretaries	245 979	26 315
Debit balance for other governmental authorities	50 843	15 025
	<u>1 427 192</u>	<u>501 190</u>

Debtor accounts with other authorities include the following:

- 3 118 thousand Egyptian pounds pertain to the customs authority for tobacco drawback.
- 2 231 thousand Egyptian pounds pertain to sales tax paid on returned goods.
- 1 661 thousand Egyptian pounds pertain to sales tax paid on investment goods.
- 6 834 thousand Egyptian pounds pertain to the Ministry of Finance for imported sales tax.
- 36 899 thousand Egyptian pounds pertain to income tax.
- 100 thousand Egyptian pounds pertain to current accounts.

19/2 Accrued Revenues

	<u>30/6/2024</u>	<u>30/6/2023</u>
Accrued export incentives	1 476	417
Securities accrued income	87 873	149 190
Creditor's rent receivable	2 662	466
Miscellaneous income accrued	579	602
Total	<u>92 590</u>	<u>150 675</u>

19/3 debit balances:

	<u>30/6/2024</u>	<u>30/6/2023</u>
Guarantees for others	12 027	11 224
Employees loans	10 123	9 058
Other debit balances	219 136	65 768
Total	<u>241 286</u>	<u>86 050</u>

20- TRADE PAYABLES - ADVANCE PAYMENTS

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

	<u>30/6/2024</u>	<u>30/6/2023</u>
Public sector suppliers	39 249	7 610
Private sector suppliers	47 412	92 310
Public sector services suppliers	13 932	14 023
Total	<u>100 593</u>	<u>113 943</u>

21- FINANCIAL ASSETS AT FAIR VALUE THROUGH P&L:

	<u>30/6/2024</u>	<u>30/6/2023</u>
Treasury bills investments	12 462 191	5 517 830
Investment of investment deposits	248 334	4 467 439
Total	<u>12 710 525</u>	<u>9 985 269</u>

- o Treasury bills were evaluated at their present value according to the purchase price on June 30, 2024, after deducting the fair value of the treasury bills according to the Bank of Cairo's prices on June 30, 2024, with the difference accounted for in the profit and loss of securities.
- o Investment funds were evaluated according to the purchase prices at the dates of acquiring the investment certificates, after deducting the closing price on June 30, 2024, according to the prices of various funds, with the difference accounted for in the profit and loss of securities.

22- CASH AND CASH EQUIVALENT (Net)

	<u>30/6/2024</u>	<u>30/6/2023</u>
Banks current accounts	2 540 001	2 682 316
Cash on hand	5 146	2 676
Time deposit / EGP	2 500 000	--
Time deposit / USD	863 243	555 003
Total	<u>5 908 390</u>	<u>3 239 995</u>
<u>Less:</u>		
Less provision of expected credit losses (Banks current account)	(213)	(15 757)
Less provision of expected credit losses (branch)	--	(18)
Less provision of expected credit losses (deposits)	(5 687)	(3 656)
Net	<u>5 902 490</u>	<u>3 220 564</u>
Banks overdrafts	(970 522)	(307 543)
Cash balance 30/6/2024	<u>4 931 968</u>	<u>2 913 021</u>

23- ISSUED AND PAID-IN CAPITAL

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

The Authorized Capital amounted to 15 000 Million Egyptian Pounds
(Fifteen Billion Egyptian Pounds).

the Paid and Issued Capital amount is 3 000 Million Egyptian Pounds (three Billion Egyptian Pounds) divided to 3 000 Million Shares with nominal amount of one Egyptian Pound.

The Capital Structure as of 30/6/2024 as follow:

<u>Company name</u>	<u>Shares number</u>
Global for holding investment	899 999 999
International Areeg for investment	98 828 761
The holding company for Chemical industries	628 587 443
Employees associations	156 101 827
Allan gray	224 916 639
Free trading	991 565 331
Total	<u>3 000 000 000</u>

- The Extraordinary General Assembly held on 29/05/2018 decided to increase the company's issued and paid-up capital from EGP 1.5 billion to EGP 2.25 billion (an increase of EGP 750 million), distributed over 450 million shares with a nominal value of EGP 5 per share, funded from the legal reserve and other reserves shown in the financial statements for the fiscal year ended 30/06/2017. The Listing Committee approved this increase on 01/08/2018.
- The nominal value of the Eastern Company's share was split at a ratio of 1:5, making the new nominal value EGP 1 instead of EGP 5, while the company's capital remained at EGP 2.25 billion, now distributed over 2.25 billion shares. Necessary approvals from relevant authorities were obtained based on the Extraordinary General Assembly decisions of Eastern Company held on 29/08/2018.
- The Employees Shareholders Association of Eastern Company sold 22.1 million shares of Eastern Company, reducing its holding to 116,035,692 shares, representing a 5.21% stake, to meet obligations related to voluntary exits.
- The Board of Directors, in its meeting on 19/03/2020, decided to buy back treasury shares up to a maximum of 3% of the company's outstanding shares on the stock exchange, with purchases to occur from 23/03/2020 to 22/04/2020, notifying major shareholders to refrain from transactions during this period. The board decided to engage CI Capital and EFG for this process.
- The Board of Directors, in its meeting on 23/04/2020, approved continuing the treasury share buyback from 28/04/2020 to 27/07/2020 to complete the mentioned 3% target. The Board extended this on 28/07/2020 to allow purchases from 29/07/2020 to 28/10/2020, and again on 24/11/2020 to allow purchases from 25/11/2020 to 24/02/2021 to complete the total amount. As of 30/11/2020, 52,303,418 shares had been bought, representing 2.324% of the company's shares.
- The number of treasury shares held for more than a year without being sold amounted to 16,372,710 shares that the company could not sell during the notification period ending on 14/09/2021. As of 01/11/2021, 32,303,418 treasury shares had been sold.
- The Extraordinary General Assembly on 11/11/2021 approved by majority vote to cancel 20 million treasury shares at their nominal value of EGP 20 million, reducing the issued capital to EGP 2,230 million, distributed over 2,230 million shares instead of 2,250 million shares. Articles 6 and 7 of the company's bylaws were amended accordingly. Additionally, the majority approved amending Article 22 of the bylaws to include cumulative voting for electing board members.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

- On 16/8/2022 the regulatory authority approved reducing the paid-up capital
- On 3/9/2023, an agreement was signed to acquire 30% of the total shares of the Eastern Company (Eastern Company) for the benefit of the Emirati company "Global Investment Holding Limited".
- Under this agreement, Global Investment Holding Company acquires Ltd. acquired 30% of the total shares of the Eastern Company (Eastern Company) in the amount of 625 million US dollars, equivalent to 19,336,625,000 Egyptian pounds (nineteen billion, three hundred and thirty-six million, six hundred and twenty-five thousand Egyptian pounds), with the buyer by providing an amount of \$150 million to purchase the tobacco materials necessary for manufacturing.
- Under this agreement, the Holding Company for Chemical Industries retains a share of 20.95% of the capital of the Eastern Company, which is a strategic company that contributes to developing this industry, achieving stability in the market, and preserving the rights of workers.
- Under this agreement, there is no effect. On the Eastern Company's 24% share in the United Tobacco Company.
- The Global Investment Holding Limited deal was executed on 16/11/ 2023.
- The Ordinary General Assembly held on 4/3/2024 decided the following:
 1. Approval was given to increase the issued capital from EGP 2.230 billion to EGP 3 billion by using EGP 770 million from the statutory reserve (due to its purpose being nullified) for the benefit of existing shareholders at the nominal value per share. Approval was also given to increase the authorized capital from EGP 3 billion to EGP 15 billion. The Board of Directors was mandated to implement this within 60 days from the date of the Extraordinary General Assembly's decision.
 2. Approval was given to amend Articles 6 and 7 of the company's bylaws.
 3. Approval was given to authorize the Board of Directors to take necessary measures to increase the issued capital within the limits of the authorized capital to cover any potential obligations to banks issuing guarantee letters as specified in the facilities agreements, up to USD 200 million, within 24 months from the date of registering the authorized capital increase in the company's commercial registry or by the end of the 22nd month from the date of issuing the guarantee letter(s) by the UAE bank(s), whichever is sooner. This increase will be in Egyptian pounds equivalent to no more than USD 200 million, calculated based on the exchange rate announced by the Central Bank of Egypt on the subscription opening date, with the subscription paid in USD. The purpose of this increase is to cover any liabilities owed by the company to UAE banks issuing the guarantee letters, valued at USD 200 million, for the benefit of Egyptian public banks granting credit facilities of USD 400 million to the company in case of cashing any part of the mentioned guarantee letters.
 4. It was approved that the decisions of this Extraordinary General Assembly will not be canceled or amended, as they are issued to ensure the company's operational continuity, increase production rates to meet local market demands, and address the negative impacts of insufficient banking credit facilities to open documentary credits needed for the economic operation of the company's production capacity. This situation led to the growth of the parallel market and a decrease in the company's financial returns and sovereign revenues resulting from its activities.
- The increase in capital was approved by the Financial Regulatory Authority on 25/03/2024, and the increase was registered in the commercial registry on 15/04/2024. The capital was raised to EGP 3 billion during the period of registration in the commercial registry.
- On 22/05/2024, Global Investments Holding Limited, which owns 30% of the capital of the Eastern Company "Eastern Company" and is 100% owned by UK Egypt Investments Holding Limited (a British company), which was 100% owned by Ruby Ventures S.P.C., a UAE company, changed ownership. UK

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

Egypt Investments Holding Limited became 51% owned by Ruby Ventures S.P.C., the UAE company, and 49% by Philip Morris Products S.A., a Swiss company.

- As a result, Philip Morris indirectly owns a 14.7% minority stake in the Eastern Company "Eastern Company".
- The Eastern Company "Eastern Company" signed an exclusive letter of intent with Philip Morris International to explore potential strategic areas for long-term cooperation in technology, manufacturing, and innovation, including heated tobacco products, in preparation for transitioning to a smoke-free future in Egypt.

24- RESERVES

	<u>30/6/2024</u>	<u>30/6/2023</u>
Legal Reserve	1 205 504	1 205 504
Statutory Reserve	903 498	1 673 498
Capital Reserve	580 942	580 717
Reserve Invested in Government Bonds	20 662	20 662
Profit Appropriation Reserve	940 170	940 170
Financial Investment Revaluation Reserve	(51 834)	(258 660)
Employee Benefits Revaluation Reserve	9 456	-
Expected Credit Loss Reserve for Debt Instruments	5 726	21 158
other	25	25
Total	<u>3 614 149</u>	<u>4 183 074</u>

- As of June 30, 2024, the balance of the issued and paid-up capital, reserves, and retained surplus amounted to EGP 16,169,116 thousand. The following is the movement of the capital accounts, reserves, and retained surplus:

	<u>Thousand Egyptian Pounds</u>			<u>Balance as of</u> <u>30/06/2024</u>
	<u>Balance as of</u> <u>01/07/2023</u>	<u>Additions</u>	<u>Exclusions</u>	
Issued and Paid-Up Capital	2 230 000	770 000	0.0	3 000 000
Legal Reserve	1 205 504	0.0	0.0	1 205 504
Statutory Reserve	1 673 498	0.0	(770 000)	903 498
Capital Reserve	580 717	225	0.0	580 942
Reserve Invested in Government Bonds	20 662	0.0	0.0	20 662
Profit Appropriation Reserve	940 170	0.0	0.0	940 170
Financial Investment Revaluation Reserve	(258 660)	206 826	0.0	(51 834)
Expected Credit Loss Reserve for Debt Instruments	21 158	0.0	(15 432)	5 726
Employee Benefits Revaluation Reserve	0.0	9 456	0.0	9 456
Other Reserves	25	0.0	0.0	25
Retained Earnings	9 703 325	9 204 041	(9 352 399)	9 554 967
Total	<u>16 116 399</u>	<u>10 190 548</u>	<u>(10 137 831)</u>	<u>16 169 116</u>

The legal reserves:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

according to the corporate law no.159 for 1981 and the company's article was conforming by percentage of 5% from the year net profit and to legal reserve account, and based on the suggestion of the Board of Directors, it is permissible to suspend part of the profits for the legal reserve account if the legal reserve reaches 50% of the issued capital the legal reserve is not available for distribution to shareholders.

The Other reserves: the remaining reserves in the financial statements its formation according to law no. 203 for 1991.

Reserve of revaluation of financial investments: This account represents the fair value recognition differences for the financial investments available for sale through other comprehensive income.

Reserve for expected credit losses: accumulated against expected credit losses for debt instruments with fair value through comprehensive income.

25- RETAINED EARNINGS

	<u>30/6/2024</u>	<u>30/6/2023</u>
Retained earnings	9 703 325	5 908 236
Dividends	(9 352 399)	(4 012 405)
Net Profit for the year	9 181 481	7 656 987
Adjustment of expenses and revenues from previous years	22 560	150 507
Total	<u>9 554 967</u>	<u>9 703 325</u>

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

- Approval of the profit distribution calculation proposed by the Board of Directors for the financial year 2022/2023, considering that the return on the share is (three pounds and seventy five), that the employees' share is 931,389 thousand Egyptian pounds, and that the Board of Directors' remuneration is (the Board's share in profits) 20 million Egyptian pounds.

- The profits carried over on 30/06/2024 also include the profit for the period from 01/07/2023 to 30/06/2024, amounting to 9 181 481 thousand pounds, and the bearing on the carryover profits for the financial period from 1/7/2023 to 30/6/2024 amounted to 22 560 thousand pounds, which is the settlement of accounts expenses of previous years and revenues of previous years.

- the company's ordinary general assembly held on 28/09/2023, also decided to:
 - 1- Ratify the Board of Directors' report on the company's activity and approve the governance report during the financial year ending on 30/06/2023.
 - 2- Approval of the two auditors' reports for the financial year ending on 30/6/2023.
 - 3- Approval of the company's financial statements for the financial year ending on 30/6/2023, which are presented to the General Assembly, as well as the business results shown by the income statement with a net profit after taxes of It is worth seven billion six hundred and fifty-seven million Egyptian pounds..
 - 4- Discharge of the Chairman and members of the Board of Directors from liability for management activities for the financial year ending on June 30, 2023.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

- 5- Approval of the dividend distribution account proposed by the Board of Directors for the financial year 2022/2023, taking into account that the return per share is (three pounds and seventy-five piasters), provided that the full value of the coupon is paid in two installments The first payment: two pounds within a month from the date of the assembly, The second payment: one hundred and seventy-five piasters during the month of next December, and that the share of the employees is nine hundred and thirty-one million three hundred and eighty-nine thousand Egyptian pounds, and that it is Remuneration of the Board of Directors (the Board's share in the profits) twenty million Egyptian pounds.
- 6- Approval of the remuneration and allowances of the members of the Board of Directors for the year that will end on 30/6/2024, as follows: one thousand pounds for attendance allowance per session, five thousand pounds for transfer.
- 7- Approval of the renewal of the appointment of the company's auditor (Mostafa Shawky MAZARS Office) for the financial year, which will end on 30/6/2024, and determining his fees to be four hundred thousand Egyptian pounds.
- 8- Approval of the donations spent during the financial year ending on 30/6/2023 and the licenses for the Board of Directors to donate on behalf of the company during the financial year, which will end on 30/6/2024, not exceeding the amount of fifty million pounds, provided that the date of the start of the donation will be 1/7/2023 at the beginning of the new year.
- 9- Approval of netting contracts concluded for the financial year ending 30/6/2023 for Zaki Hashem Legal Consulting Office with a total value of ten million nine hundred and thirty-eight thousand pounds and licensing the conclusion of netting contracts for the financial year 2023/2024.

26- DEFERRED TAX

	<u>30/6/2024</u>	<u>30/6/2023</u>
Deferred tax liabilities	(537 635)	(587 101)
Deferred tax assets	141 008	285 081
Net tax liabilities	<u>(396 627)</u>	<u>(302 020)</u>

- The deferred tax which result from temporary time differences between book value for assets and liabilities according to the account basic and its value according to the tax basic are recognized, the amount of deferred tax was determined according to what expected to achieve or settle values of assets and liabilities by using current tax price on the financial statements date, the deferred tax assets will be recognized when having a strong probability to achieve profits that may be taxed in the future where the assets can be used and the value of deferred tax assets can be decreased by the value of the part which will not achieve any tax benefits through the future years.
- Clearing was performed between the deferred tax assets and deferred tax liabilities.

27- EMPLOYEE BENEFITS

- The total liabilities for end-of-service benefits amounted to EGP 382,149 thousand for all permanent employees of the company as of June 30, 2024, according to the valuation provided by the actuarial expert hired by the company.
- The estimated value of end-of-service benefits for employees who left during the financial year 2024/2025, amounting to EGP 42 755 thousand, has been separated and included in current liabilities.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

- The company has consulted with the actuarial expert, Mrs. Marwa Hisham Salah El Din Zaki – a member of the American Academy of Actuaries, to update the end-of-service benefit liabilities. The actuarial study concluded that:
- The company pays an end-of-service bonus to employees in the event of termination of their service, whereby the employee is paid a grant of two months' salary for each actual year he spent working for the company, calculated based on the last basic salary on the date of termination of service, with a maximum of 200 thousand Egyptian pounds. This grant is due at the end of the employee service for one of the following reasons:
 - 2- Reaching the legal age of retirement.
 - 3- Early retirement cases for those who are over 55 years old.
 - 4- Partial or total service disability.
 - 5- Case of death during service.

The company will finance the amount of the grant due completely, at the employee end of service.

- The company's data was reviewed by the actuarial expert to ensure the reasonableness and consistency of the data, on the basis of which actuarial study was conducted, in order to ensure that:
 - The absence of any fields that does not contain data or are illogical.
 - The reasonableness of the dates of birth and dates of employment by ensuring that the age of the worker at the time of employment and upon evaluation is limited to the age limits accepted by the Labor Law.
 - The reasonableness of salaries values.
 - The guidelines and requirements of the study performed according to Egyptian Accounting Standard No. (38) employee benefits, where unbiased actuarial assumptions were used that are consistent with the experience of the Egyptian market, considering the company's actual experience and what is expected in the future.
 - **The method used for estimation:**

The Projected unit credit method was used to calculate the following main items:

- Defined benefit obligation which is the present value of the expected future payments required to settle the obligation resulting from the employee's service in the current and prior periods.
- The current service cost which is the increase in the present value of the defined benefit obligations resulting from the employee's service in the current period.
- The interest cost of the obligation which is the increase during the year to the present value of the obligation because of the approaching settlement period.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
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Actuarial assumptions used in the estimation:

The study was conducted using the following actuarial bases:

- 1- **Mortality Table Used:** The Double Decrement Table was used, where 120% of the A49/52 mortality table was applied to represent the probabilities of death and disability. A uniform resignation rate of 1.55% was used to represent the probabilities of resignation and contract termination.
- 2- **Discount Rate Used:** 15% per annum.
- 3- **Salary Escalation Rate:** 16%.

28- PROVISIONS:

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

• **Movement of provisions:**

	Thousand Egyptian Pounds			
	<u>Balance as of 1/7/2023</u>	<u>Provided</u>	<u>No longer Required</u>	<u>Balance as of 30/6/2024</u>
Provision of disputed taxes	923 021	43 719	(43 713)	923 027
Provision of legal claims	3 509	1 265	(73)	4 701
Provision of early pension	256 700	--	(256 309)	391
Provision of real estate tax	--	12 575	--	12 575
Total	<u>1 183 230</u>	<u>57 559</u>	<u>(300 095)</u>	<u>940 694</u>

- "Provision for disputed taxes" – component to offset tax liabilities
- Provision for legal claims -: - The case lists were prepared from the point of view of the company's lawyers considering the expected obligations, and the following policy was adopted according to the probability of gain as follows:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
 (Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

▪ **Formation provision for less than 55%**

percentage	Topic	Thousand Egyptian Pounds	Description
50%	Compensation	200	Primary cases
50%	Compensation	250	primary cases
50%	Compensation	500	Appeal cases.
20%	Termination of Employee	1000	Cassations cases
20%	Termination of Employee	184	
20%	Compensation for Work Injury	20	
20%	Compensation for Work Injury	300	
20%	Return to Work and Compensation	46	
20%	Compensation for Sick Leave	17	
20%	Cash Equivalent	102	
20%	Compensation	1000	
20%	Compensation for Death	80	
20%	Cancellation of Decision and Compensation	1000	
20%	Cash Equivalent	2	
		4 701	Total

- **Formation provision from 56%- 69%**

percentage	Topic	Thousand Egyptian Pounds	Description
65%	Compensation	3 795	Appeal cases
65%	compensation	6000	
65%	Obligation to pay the amount	298	
		10 093	Total

From 70% to 100% no provision should be provided or be disclosed

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
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- Provision for early pension obligations: It was created to meet early pension obligations, as the company's Board of Directors decided, in its Registration No. (13) of 2023, held on June 21, 2023, to approve the announcement of the second voluntary consensual exit project for the company's employees, and in reference to the decisions of the Supreme Administrative Committee for the project. The voluntary consensual exit for the year 2023 was held at its session held on July 6, 2023 with the approval that the door for applications for the project will be opened from August 1, 2023 until August 31, 2023, provided that the exit requests submitted by the workers are approved after the approval of the Supreme Administrative Committee for the project. Exemption from submitted requests.

29- ACCOUNT AND NOTES PAYABLES

	<u>30/6/2024</u>	<u>30/6/2023</u>
Trade payables (public sector)	35 072	31 771
Trade payables (private sector)	231 834	230 797
Foreign Trade payables	1 712 465	455 867
Total	<u>1 979 371</u>	<u>718 435</u>

30- CREDITORS AND OTHER CREDIT BALANCES

	<u>30/6/2024</u>	<u>30/6/2023</u>
Governmental authorities current account	9 401 090	4 938 057
Dividends payable	468	468
Accrued expenses	553 693	546 481
Other credit balances	683 976	678 756
Total	<u>10 639 227</u>	<u>6 163 762</u>

30/1 Governmental authorities credit accounts

	<u>30/6/2024</u>	<u>30/6/2023</u>
VAT tax authority*	9 294 921	4 824 435
Health insurance contribution	61 565	52 556
General Tax Authority (salary tax-withheld from others at source)	17 436	27 346
Property tax authority	2 608	9 261
National organization for social insurance	24 560	24 459
Total	<u>9 401 090</u>	<u>4 938 057</u>

30/2 Accrued expenses

* 553 693 thousand Egyptian Pounds representing accrued expenses for employees and other.

30/3 credit balances

	<u>30/6/2024</u>	<u>30/6/2023</u>
Deposits from others	87 179	87 214
Fixed assets supplies	6 844	28 985
Creditors amounts deducted from employees	8 833	8 904
Deferred revenue related to gifted fixed assets	103 019	122 104
Credit balances include deferred revenue.	--	200 000
Services		
Amounts set aside for workers - social services**	123 239	146 704
Credit balances	<u>354 862</u>	<u>84 845</u>
Total	<u>683 976</u>	<u>678 756</u>

- Credit balances includes unearned revenues:
 52 323 thousand EGP for gifted assets
 43 617 thousand EGP for spare parts transferred from British American tobacco
 7 079 thousand EGP for net packaging from British American

** The amounts withhold for the benefit of social services workers are the value of the remaining profits to be distributed at least 10% of these profits and not more than the total annual wages of the employees, where the company was subject to the provisions of Law No. 203 of 1991, where article 33 of that law stipulates that "the employees of the company shall have a share in the profits to be distributed determined by the Association based on the proposal of the Board of Directors at least 10% of these profits.

The workers' total cash distribution of these profits must not exceed total them yearly basic salaries, executive regulations show how to distribute what it exceeds total yearly basic salary from profit on services that benefit the company's employees.

The workers' total cash distribution of these profit must not exceed total them yearly basic salaries, executive regulations shows how to distribute what it exceed total yearly basic salary that benefit the company's employees.

When the company became under the Law No. 159 of 1981 by the decision General Assembly of the Company on 2/6/2019, article 41 of the same law stipulates that "the employees of the company shall have a share in the profits to be distributed determined by the General Assembly on the proposal of the Board of Directors at least 10% of these profits and does not exceed the total annual wages of the employees of the company and the executive regulations show how to distribute more than 10% of the profits indicated by the employees and services that come to them.

31- ACCOUNT RECEIVABLES - ADVANCE PAYMENTS

	<u>30/6/2024</u>	<u>30/6/2023</u>
Receivables - other credit balances	54 180	175 037
Receivables credit balances – scrap	201	907
Total	<u>54 381</u>	<u>175 944</u>

*** CAPITAL COMMITMENTS**

The capital commitments represented in accrued customs fees on the company which the company paid after the smoke out from the custom warehouses and the development resources fees amounted 5 918 thousand Egyptian Pounds.

*** Income statement**

The cost of activity revenues includes an amount of 8 181 thousand Egyptian pounds for the depreciation of usufruct assets (for the period from July 1,2023 to June 30,2024), and the income statement does not include any expenses related to real estate investments expect for the depreciation of real estate investment, as there are no maintenance expenses. Or otherwise, and no income is generated from these investments until the date of preparing the financial statements.

32- NET SALES

	<u>30/6/2024</u>	<u>30/6/2023</u>
Net sales finished goods	19 602 298	17 093 853
Net sales finished goods export	147 841	106 284
Net sales of merchandise purchased for sale	4 023	--
Revenue of operation for other	836 693	753 874
Carpentry workshop revenue	74	278
Covered hall revenue	6 091	3 342
Total	<u>20 597 020</u>	<u>17 957 631</u>
<u>Less : discount</u>	<u>(150 458)</u>	<u>(137 564)</u>
Net	<u>20 446 562</u>	<u>17 820 067</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

33- COST OF GOODS SOLD

	<u>30/6/2024</u>	<u>30/6/2023</u>
Raw Materials	9 545 636	7 205 702
Depreciation and amortization	374 574	400 465
Wages	1 682 358	1 719 315
Maintenance	163 742	114 453
Miscellaneous service expenses	118 471	137 073
Insurance expenses	24 305	34 877
Purchases for sale	1 958	--
Loss of decrease in scrap value	--	134
Loss of decrease in material cost	2 138	3 026
Loss of decrease in inventory*	18 433	5 465
Reverse decrease in inventory**	--	(502)
Change in inventory	(59 313)	40 195
shortage - increase differences customs weights	12 929	(5 826)
convertible cost	(686 505)	(421 495)
Others	35 178	51 960
Total	<u>11 233 904</u>	<u>9 284 842</u>

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

	<u>30/6/2024</u>	<u>30/6/2023</u>
Raw Materials	156	902
Packaging Materials	17 001	3 822
Spare Parts and Supplies	1 104	26
Finished Goods	172	623
Work-in-Progress	--	92
Total	<u>18 433</u>	<u>5 465</u>

** Cost of sales was reduced by the amount of the reversal of inventory impairment losses:

	<u>30/6/2024</u>	<u>30/6/2023</u>
Raw Materials	--	(502)
total	<u>--</u>	<u>(502)</u>

**Smoke items that had previously been estimated to be reduced were returned for their full value in the financial year 2021/2022 due to rot in part of the parcel. After inspection, they were found to be safe and were used during the financial year 2022/2023.

*** Cost of goods sold includes the cost covered hall by 7 311 thousand Egyptian Pound and the cost of carpenter workshop by 62 thousand Egyptian Pound

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

34- OTHER INCOME

	<u>30/6/2024</u>	<u>30/6/2023</u>
Profit from Sale of Raw Materials	--	86
Other Miscellaneous Revenues*	128 088	44 383
Profit from Sale of Scrap	51 045	8 033
Credit Rentals	2 117	1 184
Credit Compensation	2 182	11 839
Capital Gains	14 919	225
Profit from Sale of Financial Instruments	104 378	300 484
Provisions for Purpose-Defunct Items	83 407	121 449
Revenue from Leased Assets	200 000	200 000
Reversal of Expected Credit Losses	16 250	0.0
Reversal of Expected Credit Losses – Egyptian Bonds	14 797	7 334
Reversal of Expected Credit Losses – Foreign Bonds	981	3 441
Grants and Subsidies**	2 916	2 622
Profit/Loss from Revaluation of Financial Instruments***	21 195	19 660
Total	<u>642 275</u>	<u>720 740</u>

* The miscellaneous revenues include an amount of 14 225 thousand Egyptian Pound relevant to gifted assets

** Other revenues include grants and subsidies for the period from 1/7/2023 to 30/6/2024, as well as for the comparable period, as they were transferred from revenues to other incomes.

*** The gains/losses on revaluation of securities are as follows:

	<u>30/6/2024</u>	<u>30/6/2023</u>
Profits on revaluation securities	122,964	251,359
<u>Losses on revaluation financial securities</u>	<u>(101,770)</u>	<u>(231,699)</u>
<u>Net profit of revaluation of securities</u>	<u>21,194</u>	<u>19,660</u>

35- SALES AND DISTRIBUTION EXPENSES

	<u>30/6/2024</u>	<u>30/6/2023</u>
Salaries	400 164	444 164
Depreciation and amortization	4 539	4 702
Maintenances	1 716	883
Miscellaneous service expenses	9 660	8 970
Insurance expenses	4 343	3 868
Marketing expenses	43 133	35 923
Finished goods transfer	26 223	31 310
Other	29 680	38 035
Total	<u>519 458</u>	<u>567 855</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

36- GENERAL AND ADMINISTRATIVE EXPENSES

	<u>30/6/2024</u>	<u>30/6/2023</u>
Salaries	172 207	184 464
Depreciation and amortization	18 540	14 548
Maintenances	3 215	141
Miscellaneous service expenses	84 148	50 871
convertible cost	686 505	421 495
Other	15 596	15 638
Total	<u>980 211</u>	<u>687 157</u>

37- OTHER EXPENSES

	<u>30/6/2024</u>	<u>30/6/2023</u>
Donations and Subsidies to Others	34 758	43 685
Extraordinary Losses	16 153	33 570
Mutual Contribution – Comprehensive Health Insurance	61 122	52 114
Provision for Early Retirement Obligations	--	256 700
Provision for Legal Claims, Wages, and Others	1 265	--
Provision for Doubtful Debts	2 429	8 445
Provision for Disputed Taxes	43 719	3 820
Losses from Sale of Financial Instruments	--	78 285
Expenses – Expected Credit Losses*	4 212	20 443
Losses from Exclusion of Fair Value Debt Instruments (Other Comprehensive Income)	5 449	11 228
Compensations and Fines	17 908	60 831
Total	<u>187 015</u>	<u>569 121</u>

	<u>30/6/2024</u>	<u>30/6/2023</u>
<u>Expected credit losses</u>		
Receivables	1 620	628
Other Debtors	--	379
Bank Current Accounts	214	15 626
Branch and Administration Cash	--	18
Financial Investments at Amortized Cost	--	136
Deposits	2 031	3 656
Dollar Bonds	347	--
Total	<u>4 212</u>	<u>20 443</u>

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
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38- NET FINANCING COST/ REVENUE

	<u>30/6/2024</u>	<u>30/6/2023</u>
Credit interest	204 191	103 724
Gain on foreign currencies	445 926	932 159
Total finance revenue	<u>650 117</u>	<u>1 035 883</u>
Debit interest and bank expenses	(60 078)	(15 886)
(Losses) on foreign currencies	(364 792)	(305 856)
Total finance expenses	<u>(424 870)</u>	<u>(321 742)</u>
Net financing Revenue	<u>225 247</u>	<u>714 141</u>

39- OTHER FINANCIAL INVESTMENTS REVENUE

Other financial investment income includes EGP 1,883,549 thousand from Treasury Bills returns, EGP 219,820 thousand from bond returns, EGP 214,498 thousand from investment certificates, and EGP 728 thousand from government bonds returns.

40- Revenue from investments in associates

- It represents the revenues due to the company for investing in the United Company by 24%.

41- TAX EXPENSES

- The income tax in the income statement as of 30/6/2024 amounted to 2 252 274 thousand EGP.
- The deferred tax in income statement as of 30/6/2024 was amounted to 34 561 thousand Egyptian Pounds according to the following:

	<u>Thousand Egyptian Pounds</u>
Deferred tax assets	84 027
Deferred tax liabilities	(49,466)
Total	<u>34 561</u>

- **The current tax average 19.6%**

42- EARNINGS PER SHARE

	<u>Unit</u>	<u>30/6/2024</u>	<u>30/6/2023</u>
Net profit for the year after deducting the dividends for employees, Youth and sport Authority and rewards of Board of Directors Members.	Thousand Egyptian Pounds	8 203 629	6 667 313
Weighted average number of common shares	Thousand shares	2 391 995	2 230 000
Portion per share in net profit	Egyptian Pounds	<u>3.43</u>	<u>2.98</u>

The Cash Flows Statement:

43- CASH AND CASH EQUIVALENT

- The cash and cash equivalent balance amounted to 4 937 868 thousand Egyptian Pounds are as following:

	<u>30/6/2024</u>	<u>30/6/2023</u>
Bank accounts	2 540 001	2 682 316
Cash in hand	5 146	2 676
Time deposits in local currencies	2 500 000	--
Time deposits in foreign currencies	863 243	555 003
Overdrafts	(970 522)	(307 543)
Total	<u>4 937 868</u>	<u>2 932 452</u>

- Treasury bills amounting to EGP 12 462 190, valued at fair value through profit and loss, are due within the next three months following the balance sheet date.
- The available credit facilities for future use amount to EGP 6 230 million.
- There is a USD loan equivalent to 95% of the USD deposit at Banque du Caire.
- There are EGP deposits amounting to EGP 2 500 000 at Emirates NBD Bank.
- There are USD deposits amounting to USD 17 999 at Banque du Caire.
- The company has excluded the following financial instruments and assets from recognition and measurement of expected credit losses:
 - Debt instruments issued by the Egyptian government in local currency.
 - Current accounts and deposits in local currency that are due within one month from the preparation of the financial position.

This is in accordance with the amendments issued on November 28, 2023, regarding the Egyptian Accounting Standard No. (47) Financial Instruments, concerning certain parallel exceptions in application when measuring credit risk and expected credit losses.

44- Contractual commitments

- The contractual commitments consist of the maintenance of laboratory equipment, including the supply of spare parts, valued at GBP 181 580, and the refurbishment and reconditioning of the Hc80/s1 mm80 cutting unit, valued at EUR 49 900.

45- COMPARATIVE FIGURES

Certain comparative figures have been reclassified to confirm with the presentation of the financial statements for this period.

- **OTHER DATA**

46- Fight smoking:

On 21/6/2007 the law no. 154 for the year of 2007 issued a modification of some provisions of the law no. 52 for the year of 1981 about the protection from the damage of smoking which prevents smoking completely in all facilities as health, educational, governmental departments,

sports and social clubs, youth centers and all other places that the ministry of health determine. This law state penalties on those responsible for these places and on the smoker.

In addition the company is obliged to print a warning of smoking risk on at least the half of the two sides of the package accompanied with adding other warnings or publishing photos confirm damage of smoking, The company to comply with this law and the decree of minister of health and population no. 443 for the year of 2007, the company endured by additional burden cost as a result of the continuous adjustment in printing cylinders which resulting losses in the publications material related to products.

In addition, the company is obliged to change the photo each six months according to the decision of ministry of health.

47- Insurance:

- The company have various insurance using insurance policies which covered all potential risks that company may face, such as:
 - a. All industrial hazards and political violence Certificate/document:**
 - To cover all risks based on 7ml certificate Including machine breakdown, loss of revenue, burglary, theft using violence (coercion), general civil liability, and removal of rubble, public civil responsibility and the removal of rubble. Political violence also covers the dangers of terrorism, vandalism, age-related acts, riots, civil strikes, armed insurrection, revolution, rebellion, military coup and costs debris removal.
 - b. Cars Certificate/document:**
 - Cover all risks fleet of cars facing (comprehensive insurance - compulsory insurance).
 - c. Transportation Certificate/document:**
 - Cover risks of transportation, sea and air transportation for all production materials and finished goods.
 - d. Dishonesty Certificate/document:**
 - Cover the drivers who are working on contractual terms for transporting the company's' products.
 - e. Lifts Certificate/document:**
 - Cover the civil responsibility result from operation.
 - f. Cash transfer Certificat/document:**
 - Covers cash transporter (treasurers - money changers - custodians) for the risk of theft under duress or threat of weapon and violence to the person charged with transporting cash
 - g. Dishonesty Certificate/document:**
 - Covers cash and in-kind custodians in the company from the material losses that it incurs or its property as a result of an accident of waste or embezzlement committed by the insured workers.
 - h. Life Certificate/document:**
 - Life insurance for workers to cover the risk of death from any reason
 - i. Personnel accident violence Certificat/document:**
 - Covers the risks that the company's employees are exposed to over 24 hours because of an accident and the resulting cases (death, total and partial disability).

48- Environmental responsibility:

- According to the Eastern company's continued efforts to achieve protecting environment and preserving the common health and as a commitment by the company to apply the environmental requirements of Environment Law No. 4 for the year of 94 and its amendments and executive regulations through implementing and maintaining the internal environment in its factories and the external environment surrounding the company in the purpose of achieving sustainable compatibility of its environmental conditions, these points are representing in some projects as following:
 - The company has implemented and established its integrated industrial complex in the industrial zone in the Sixth of October to include all its current sites. This procedure indicates the environmental commitment to environmental laws and regulations.
 - The company has used natural gas as a source of clean energy to operate boilers and power generation units as a clean source of energy, and to reduce environmental pollutants from combustion products.
 - The company has controlled emissions of soot using cyclones with non-permeable soot filters to prevent soot from flying into the atmosphere, protecting the environment from pollution, and recycling it by manufacturing pressed soot chips.
 - The company has established a wastewater treatment plant for industrial wastewater at the company's industrial complex in the Sixth of October with a capacity of 610 m3/day, and the environmental approval has been obtained to expand to a capacity of 1220 m3/day, and the installation work has been completed and the station is currently in the testing stage for the second phase in preparation for its entry into service.
 - The company has also implemented a central air conditioning project using natural gas for one of its factories to avoid the effect of heat stress, knowing that there is no rise in the temperature of the work environment because of various industrial operations more than the permissible rates according to the decisions and executive regulations, through monitoring that is carried out in the establishment.
 - The company has established a central station for collecting manufacturing products resulting from the company's production activities, and some of the items are sold and some of them are recycled in industries. It is also studying the production of compost from waste soot that is unsuitable for use.
 - The company has purchased a set of environmental measuring devices to monitor pollutants and emissions in the work environment to comply with the permissible limits according to the requirements of the Environmental Law No. 4 of 1994 and its executive regulations. In addition to the specialists in the National Research Center carrying out periodic measurements and adopting them in the environmental records of the company's various sites, it is worth noting that the company spares no effort in supplying all personal protective equipment for workers according to the nature of each activity.
 - The company has purchased a set of environmental measuring devices to monitor pollutants and emissions in the work environment to ensure compliance with the permissible limits according to the requirements of the Environmental Law No. 4 of 1994 and its executive regulations, in addition to the specialized gentlemen at the National Research Center carrying out periodic measurements and adopting them in the environmental records of the company's different sites. It is worth noting that the company spares no effort in supplying all personal protective equipment for workers according to the nature of each activity.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
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- Environmental approval has been obtained for the expansions of the fluffy roots (ESS) plant project With an area of 13,350 square meters in the industrial complex in the 6th of October, the company has also planted green spaces, Windbreaks and ornamental plants inside the industrial complex in implementation of the construction requirements and green spaces In the general plan of the industrial complex, which is subject to the Housing and Urban Communities Authority, as well as green space Around the eastern side of the industrial complex.
- The dirty ink thinner is recovered and reused again using an organic solvent separation machine. It is worth noting that the Eastern Company "Eastern Company" has obtained all environmental approvals and has modern environmental records .Approved by the largest research and scientific bodies (the National Research Center) and reviewed by the Environmental Affairs Agency.
This is knowing that the Eastern Company has all the environmental approvals and has updated environmental records approved by the largest research and scientific bodies (National Research Center) and it has been reviewed by the Environmental Affairs Agency. Also, the company is committed to all environmental laws and regulations.

49- SIGNIFICANT EVENT

49-1 Central Bank Of Egypt Decisions

The Central Bank of Egypt, in its session held on October 27, 2022, announced the implementation of a flexible exchange rate system for pricing foreign currency, where the buying and selling prices of currencies in Egyptian pounds are determined based on supply and demand conditions. Consequently, the exchange rate of the US dollar increased against the Egyptian pound, with the closing rate reaching EGP 47.9606 on June 30, 2024.

In this context, and continuing its policy of monetary tightening, the Monetary Policy Committee of the Central Bank of Egypt, in its extraordinary meeting held on March 6, 2024, decided to raise the overnight deposit rate, overnight lending rate, and the rate of the main operation of the Central Bank by 600 basis points to 27.25%, 28.75%, and 27.75%, respectively. Additionally, the discount and credit rate were raised by 600 basis points to 27.75%.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

49-2-1 New Issues and Amendments to Egyptian Accounting Standards

On March 6, 2024, Prime Ministerial Decree No. (636) of 2024 was issued to amend some provisions of the Egyptian Accounting Standards. The following is a summary of the most important of these amendments:

Application date	Potential impact on the financial statements	Summary of the most important amendments	New or reissued standards
It applies to financial periods beginning on or after January 1, 2024, retrospectively, with the cumulative effect of applying the revaluation model initially being recognised by adding it to the revaluation surplus account alongside equity at the beginning of the financial period in which the company first applies this model.	The management is currently considering the possibility of changing the accounting policy in use and adopting the fair value model option provided in the standard. They are evaluating the impact on the financial statements if this option is adopted.	<p>The standards have been reissued in 2024, resulting in amendments to paragraphs 58- "8" and "26", and the addition of paragraphs from "19A" to "19C", as well as paragraphs "57A" and "57B", and Appendix "D", addressing difficulties in currency exchange between two currencies. Entities are required to apply these amendments from the beginning of annual reporting periods that start on or after January 1, 2024. Early application is permitted, and if an entity applies the amendments early, it must disclose this fact.</p> <p>When applying the previous amendments, entities are not allowed to adjust comparative information. Instead:</p> <p>(a) When reporting foreign currency transactions in their functional currency, and there is difficulty in exchanging between the functional currency and the foreign currency (as detailed in paragraphs "D2" to "D11"), the entity must:</p> <p>Translate monetary items in foreign currency affected, and non-monetary items measured at fair value in foreign currency, at the spot exchange rate on the date of initial application; and</p> <p>Recognize any impact of initial application of the amendments as an adjustment to the opening balance of retained earnings on the date of initial application.</p> <p>(b) When the entity uses a presentation currency other than its functional currency or translates the results and financial position of a foreign operation, and there is difficulty in exchanging between the presentation currency and the functional currency (or foreign functional currency) (as detailed in paragraphs "D2" to "D11"), the entity must: 1. Translate affected assets and liabilities at the spot exchange rate on the date of initial application; and 2. Translate affected equity items at the spot exchange rate on the date of initial application if the entity's functional currency is subject to severe inflation; and 3. Recognize any impact of the amendments initially as an adjustment to the cumulative amount of translation differences—accumulated in the equity section—on the date of initial application.</p>	Standard No. 13 Amended 2024 "Effects of Changes in Foreign Exchange Rates":

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED June 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

Application date	Potential impact on the financial statements	Summary of the most important amendments	New or reissued standards
The amendments related to adding the option to use the fair value model are applied to the financial periods that begin on or after January 1, 2024 , retrospectively, with the cumulative effect of applying the fair value model shown primarily by adding it to the balance of retained earnings or losses carried forward at the beginning of the financial period in which the company applies this model for the first time.	Management is currently studying the possibility of changing the accounting policy followed and using the fair value model option included in the standard and is evaluating the impact on the financial statements in the event of using this option.	<p>his standard was reissued in 2024, allowing the use of the fair value model when measuring the subsequent measurement of real estate investments.</p> <p>80- The entity applies the amendments to add the option to use the fair value model in accordance with paragraph "30" and paragraphs "33-55" to the financial periods beginning on or after the first of January 2024, and early application is permitted. This must be disclosed.</p> <p>81-The entity must apply the amendments mentioned in Paragraph No. "80" retrospectively in accordance with Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates, and Errors," while proving the cumulative effect of applying the value model.</p> <p>The fair value is initially calculated by adding it to the balance of retained profits or losses at the beginning of the financial period in which the entity applies this model for the first time. -</p> <p>82- The entity applies the requirements of paragraph "32B" regarding insurance contracts that include investment contracts with an optional participation feature, at the beginning of the date on which it applies the standard Egyptian Accounting No. (50) "Insurance Contracts" for the first time.</p>	Accounting standard Egyptian Law No. (34) amended 2023 "Real Estate Investment"
This standard is effective for annual reporting periods beginning on or after January 1, 2024. Early application is permitted, and if an entity applies early, it must disclose this fact in its first financial statements applied under this standard.	applied	<p>This standard was reissued in 2024, and paragraphs "4, 5, 6, 7, 10, and 2" were amended by adding the option of using the equity method to account for investments in subsidiaries, affiliates, and jointly controlled entities. The entity shall apply the amendments from the beginning of the annual reporting period that begins on or after January 1, 2024. Early application is permitted, and if the entity applies early, it must disclose this.</p> <p>19- The entity shall apply the challenges mentioned in the previous paragraph in accordance with Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Estimates and Errors" with the retroactive effect of applying the equity method to profits or losses of the period in which the entity first applied this method for the first time, as soon as possible without incurring undue cost or time.</p>	Egyptian Accounting Standard No. 17 Revised 2024: Separate Financial Statements

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(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

Application date	Potential impact on the financial statements	Summary of the most important amendments	New or reissued standards
The application begins on or after the first of January 2025, and allows early application, and if the facility makes early application, this must be disclosed.	Management is currently studying the possibility of changing the accounting policy followed and using the fair value model option provided in the standard and is evaluating the impact on the financial statements in the event of using this option.	Tradable financial instruments representing a counterparty to greenhouse gas emission reduction units, where each "unit" represents a tone of carbon dioxide equivalent emissions, and is issued in favor of the emission reduction project developer (owner/non-owner), after approval and verification according to internationally recognized greenhouse gas emission reduction standards and methodologies, carried out by verification and validation bodies, whether local or international, restricted to the list prepared by the authority for this purpose.	"Interpretation of Number (2) 2024"



(Mrs. / Neveen Ali)
 Head Of financial sector



(Mr./ Tamer Mosll)
 Chief financial officer