
Mostafa Shawki

forv/s
mazars

EASTERN COMPANY (S.A.E)
STANDALONE FINANCIAL STATEMENTS
TOGETHER WITH LIMITED REVIEW REPORT
FOR THE FINANCIAL PERIOD ENDED SEPTEMBER 30, 2024

Mostafa Shawki
153 Mohamed Farid Street,
Banque Misr Tower, P.O. Box 2095,
Cairo 11518, Egypt
Tel: 0223917299
mshawki@mazars.com.eg
www.forvismazars.com/eg

**forvis
mazars**

Originally Issued in Arabic

Limited Review Report

To: The Board members of Eastern Company (S.A.E)

Introduction

We have reviewed the accompanying standalone interim financial position of **Eastern Company (S.A.E)** as of September 30, 2024, and the related standalone statements of income, standalone other comprehensive income, standalone changes in equity and standalone cash flows for period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial information in accordance with Egyptian Accounting Standards. Our responsibility is to express a conclusion on this interim financial information based on our review.

Limited review scope

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying standalone interim financial statements do not present fairly, in all material respects, the financial position of **Eastern Company (S.A.E)** as of September 30, 2024, and its financial performance and standalone cash flows For the three - months then ended in accordance with the Egyptian Accounting Standard No (30) - For preparing periodic financial statements.

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.

As indicated in note No. (28), the company's management provided early pension liability with 850 million Egyptian pounds Pursuant according to the Board of Directors Decree No. (19) of 2024.

Cairo: November 14, 2024

**forvis
mazars**
Auditor
Dr. Ahmed Shawki
Mostafa Shawki

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

(Amounts expressed in Thousands of Egyptian Pounds)

	<u>Notes</u>	<u>30/9/2024</u>	<u>30/6/2024</u>
<u>ASSETS</u>			
<u>Non - Current Assets</u>			
Fixed assets, (Net)	(8)	3 907 433	4 005 200
Projects under construction	(9)	339 817	295 492
Investment's property, (Net)	(10)	127 004	127 215
investments in associates	(11)	36 000	780 225
Intangible assets, (Net)	(12)	18 145	20 041
Financial assets at fair value through OCI	(13)	898 602	1 768 650
Financial investments at amortized cost	(14)	20 668	20 668
Right of use assets, (Net)	(15)	207 268	209 313
Other assets	(16)	12 359	12 378
Total Non- Current Assets		5 567 296	7 239 182
<u>Current assets</u>			
Inventory, (Net)	(17)	9 227 001	4 944 277
Accounts and notes receivables, (Net)	(18)	188 346	205 527
Debtors and other debit balances, (Net)	(19)	2 744 322	1 762 322
Accounts payables - advance payments	(20)	446 627	100 593
Financial assets at fair value through P&L	(21)	13 125 096	12 710 525
Cash and cash equivalent, (Net)	(22)	3 284 196	5 902 490
Total Current Assets		29 015 588	25 625 734
Total Assets		34 582 884	32 864 916
<u>Equity</u>			
Issued and paid-up capital	(23)	3 000 000	3 000 000
Reserves	(24)	3 946 501	3 614 149
Retained earnings	(25)	1 987 454	9 554 967
Total equity		8 933 955	16 169 116
<u>Non - Current Liabilities</u>			
Deferred tax liabilities	(26)	135 642	396 627
Employees benefits delegation	(27)	339 394	339 394
Total non-current liabilities		475 036	736 021
<u>Current Liabilities</u>			
Provisions	(28)	1 790 890	940 694
Banks overdraft	(22)	65	970 522
Accounts and notes payables	(29)	4 348 575	1 979 371
Creditors and other credit balances	(30)	16 990 152	10 639 227
Account receivables - advance payments	(31)	218 883	54 381
Employees benefits delegation	(27)	42 460	42 755
Current income tax payable		1 782 868	1 332 829
Total current liabilities		25 173 893	15 959 779
Total liabilities		25 648 929	16 695 800
Total of equity and liabilities		34 582 884	32 864 916

- The accompanying notes (from No. 1 to No. 48) 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 INCOME STATEMENT
FOR THE PERIOD FROM 1/7/2024 TO 30/9/2024
(Amounts expressed in Thousands of Egyptian Pounds)

	<u>Notes</u>	<u>30/09/2024</u>	<u>30/09/2023</u>
Net Sales	(32)	8 125 393	3 098 467
Cost of goods sold	(33)	<u>(5 725 028)</u>	<u>(2 148 331)</u>
Gross profit		2 400 365	950 136
Other revenue	(34)	104 278	113 093
Sales and distribution expenses	(35)	(161 271)	(125 865)
General and administrative expenses	(36)	(126 008)	(58 632)
Other expenses	(37)	<u>(916 637)</u>	<u>(26 735)</u>
Operating activities		1 300 727	851 997
Net financing cost / income	(38)	126 424	10 075
Other financial investments revenue	(39)	923 471	559 061
Profit before tax		2 350 622	1 421 133
Income tax expenses	(40)	<u>(525 817)</u>	<u>(297 485)</u>
Profit from continued operations		1 824 805	1 123 648
Profit from Discontinued operations		--	--
Net Profit for the year		1 824 805	1 123 648
Earnings per share (Pound/Share)	(41)	0.53	0.39

- The accompanying notes (from No. 1 to No. 48) 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 COMPREHENSIVE INCOME
FOR THE PERIOD FROM 1/7/2024 TO 30/9/2024
(Amounts expressed in Thousands of Egyptian Pounds)

	<u>30/09/2024</u>	<u>30/09/2023</u>
Net profit of the year	1 824 805	1 123 648
<u>Other Comprehensive Income</u>		
Revaluation Financial assets at fair value through Profit/losses	29 597	71 232
Reclassification adjustments	--	--
Actuarial re-measurements of defined benefit pension plans	--	--
<u>Less</u>		
Other comprehensive income tax	(6 659)	(16 027)
Total other Comprehensive Income of the period after deducting tax	<u>22 938</u>	<u>55 205</u>
Total Comprehensive Income of the period	<u>1 847 743</u>	<u>1 178 853</u>

- The accompanying notes (from No. 1 to No. 48) 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 CHANGES IN OWNERS' EQUITY
FOR THE PERIOD FROM 1/7/2024 TO 30/9/2024**
(Amounts expressed in Thousands of Egyptian Pounds)

	Issued and paid-up capital	Legal reserve	Statutory reserve	Capital reserve	Other reserves	Reserve of revaluation of financial investment	Reserve for remeasurement differences of employee benefits	Total reserves	Retained earnings	Total equity
Balance as of July 1, 2023	2 230 000	1 205 504	1 673 498	580 717	982 015	(258 660)	-	4 183 074	9 703 325	16 116 399
Adjustment of expenses and revenues from previous years	-	-	-	-	-	-	-	-	969	969
Expected credit loss no longer than required	-	-	-	-	-	-	-	-	-	-
Dividends	-	-	-	225	-	-	-	225	(225)	-
Transferred to reserves from dividends for 2022/2023 distribution to shareholders	-	-	-	-	-	-	-	-	(8 362 500)	(8 362 500)
Employees contribution	-	-	-	-	-	-	-	-	(931 389)	(931 389)
Board of directors' reward	-	-	-	-	-	-	-	-	(20 000)	(20 000)
Youth and sports contribution	-	-	-	-	-	-	-	-	(38 285)	(38 285)
Other comprehensive income items	-	-	-	-	-	-	-	-	1 123 648	1 123 648
Net periods gain 01/07/2023 till 30/9/2023	-	-	-	-	-	55 205	-	55 205	-	55 205
Comprehensive income items	-	-	-	-	-	-	-	-	-	-
Balance as of 30/9/2023	2 230 000	1 205 504	1 673 498	580 942	982 015	(203 455)	-	4 238 504	1 475 543	7 944 047
Balance as of 1/7/2024	3 000 000	1 205 504	903 498	580 942	966 583	(51 834)	9 456	3 614 149	9 554 967	16 169 116
Adjustment of expenses and revenues of previous years	-	-	-	-	-	-	-	-	(5 052)	(5 052)
Dividends	-	-	-	294 496	-	-	-	309 414	(309 414)	-
Transfer of reserves of dividends 2023/2024 distribution to shareholders	-	-	-	-	-	-	-	-	(8 100 000)	(8 100 500)
Employees distribution	-	-	-	-	-	-	-	-	(903 194)	(903 194)
Board of directors' reward	-	-	-	-	-	-	-	-	(28 750)	(28 750)
Youth and sports contribution	-	-	-	-	-	-	-	-	(45 908)	(45 908)
Other comprehensive income items	-	-	-	-	-	-	-	-	1 824 805	1 824 805
Net Year gain 01/07/2024 till 30/9/2024	-	-	-	-	-	22 938	-	22 938	-	22 938
Comprehensive income items	-	-	-	-	-	-	-	-	-	-
Balance as of 30/9/2024	3 000 000	1 500 000	903 498	595 860	966 583	(28 896)	9 456	3 946 501	1 987 454	8 933 955

- The accompanying notes (from No. 1 to No. 48) are an integral part of these financial statements and read therewith.

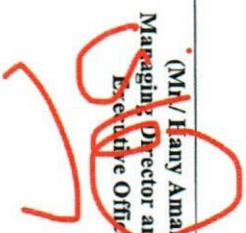
(Mrs. / Neveen Alij)
Head Of financial sector



(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 CASH FLOW
FOR THE PERIOD FROM 1/7/2024 TO 30/9/2024
(Amounts expressed in Thousands of Egyptian Pounds)

Total	Subtotal	Notes no.	Item	As of 30/9/2023
			First: Cash flows from operating activities	
	23 609 250		Cash sales and receivables collection	9 641 684
	(6 380 212)		Cash purchases and payments to suppliers	(1 532 667)
	(401 570)		Paid salaries	(459 978)
	670 675		Operating income for others and other revenues	617 775
	133 891		Collected credit interest	17 185
	(5 015)		Paid interest	(5 929)
	(20 955 362)		Paid tax and fees	(7 135 484)
	--		Export subsidy / Grants and Subsidies	415
	31		Collected insurance claims	309
	(21 604)		Other payments	3 663
(3 349 916)			(1) Net Cash flows from operating activities	1 146 973
	(99 203)		Second: Cash flows from investment activities	
			Payment for purchasing fixed assets (projects under construction)	(17 680)
	669 490		Investment in associates	--
	(24 354 526)		Purchase treasury bills	(24 184 048)
	(350 000)		Purchase investment in securities	(1 424 000)
	24 712 724		Selling Treasury Bills	21 902 492
	899 507		Selling Bonds	240 740
	240 771		Selling investment in Securities	3 074 316
	--		Gain from Selling investment in Securities	15 684
1 718 763			(2) Net Cash flows from investment activities	(392 496)
	(12 210)		Third: Cash flows from financing activities	
(12 210)			Dividends paid	(5 054)
(4 473)			(3) Net Cash flows from finance activities	(5 054)
(1 647 836)			(4) foreign currency exchange differences losses and gain	(668)
4 937 867			Net cash from 1/7/2024 to 30/9/2024	748 755
3 290 031		42	Cash balance as of 1/7/2024	2 932 452
			Cash and cash equivalent at the end of the year 30/9/2024	3 681 207

- The accompanying notes (from No. 1 to No. 48) are an integral part of these financial statements and read therewith.

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

Haitham

(Mr./ Tamer Mosli)
Chief financial officer

Tamer

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

Hany

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 1
(87 to 98) - Fifth zone - 6th of October City-Giza.

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 by scrolling on November 12,2024.

Financial period covered by the statements:

- From 01/07/2024 till 30/09/2024.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED September 30, 2024

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

- 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 5 062 500 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%.
- 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 Amendment 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:

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED September 30, 2024

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

- 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 United Company.
- 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."

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED September 30, 2024

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

- "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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED September 30, 2024

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

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 2.5 months.
- The finished goods inventory is adequate to meet market needs for about 5.4 days.
- The inventory of raw tobacco in customs warehouses is approximately 730 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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED September 30, 2024

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

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.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED September 30, 2024

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

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	16 741 373
Total	17 481 248

4- FINANCIAL RISK MANAGEMENT

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 September 30, 2024: (In thousands)

	<u>Assets</u>	<u>Liabilities</u>	<u>Net value</u>
Dollars	265	(356 482)	(356 217)
Euro	463	(12 502)	(12 039)
Sterling pound	8	(810)	(802)
Swiss Franc	3	0	3

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED September 30, 2024

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

(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>30/9/2024</u>	<u>30/6/2024</u>
Total Liabilities	25 648 929	16 695 800
Deduct: Cash and cash equivalent	(3 284 196)	(5 902 490)
Net Debt	<u>22 364 733</u>	<u>10 793 310</u>
Total Owner's Equity	8 933 955	16 169 116
Net Debt to Equity Ratio	<u>2.50</u>	<u>0.67</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 sep30, 2024.
- Related parties are treated on the same basis as third parties.
- The company during the period 1/7/2023 till 30/9/2024 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

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED September 30, 2024

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

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

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

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 the following statement:

	<u>Value (in millions)</u>
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

7-TAX POSITION

7/1 Corporate Tax:

- The company has been finally linked up to the financial year 2014/2015 and the tax has been paid 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 Payroll 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 30/6/2021 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 SEPTEMBER 30, 2024

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

8- Fixed Assets (Net)

Fixed assets (net) on 30/9/2024 amounted to 3,907,433 Egyptian pounds. The following is the movement of assets during the Period:

	<u>Lands</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>Low value assets</u>	<u>Total</u>
Fixed assets statement:									
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	--	--	594 743	6 730	13 591	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
Cost as of 1/7/2024	198 515	3 553 195	5 408 571	346 789	185 085	892 488	498	--	10 585 141
Transfers	--	--	--	--	--	--	--	--	--
Additions during the period	--	--	--	--	5 666	4 637	--	391	10 694
Transferred to investment in property	--	--	--	--	--	--	--	--	--
Disposals and transfers during the period	--	--	--	1 236	--	125	--	--	1 361
Cost as of 30/9/2024	198 515	3 553 195	5 408 571	345 553	190 751	897 000	498	--	10 594 474
Accumulated depreciation and impairments:									
Accumulated depreciation as of 1/7/2023	--	1 111 365	4 372 919	325 8833	167 394	769 854	--	--	6 747 365
Transfers	--	--	--	--	--	--	--	--	--
Additions during the period	--	88 812	311 248	11 301	8 891	42 071	91	--	462 414
Transferred to investment property	--	--	--	--	--	--	--	--	--
Disposals and transfers during the period	--	--	--	6 730	13 591	14 773	--	--	35 094
PP&E Impairment	--	--	--	--	--	--	--	--	--
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
Accumulated depreciation as of 1/7/2024	--	1 200 177	4 089 423	330 404	162 694	797 152	91	--	6 579 941
Transfers	--	--	--	--	--	--	--	--	--
Additions during the period	--	21 963	74 871	3 638	2 394	6795	23	--	109 684
PP&E Impairment	--	--	--	--	--	--	--	--	--
Disposals and transfers during the period	--	--	--	2 472	--	112	--	--	2 584
Disposals impairment provision	--	--	--	--	--	--	--	--	--
Accumulated depreciation and impairment as of 30/9/2024	--	1 222 140	4 164 294	331 570	165 088	803 835	114	--	6 687 041
Property, plant, and equipment as of 30/6/2024	198 515	2 353 018	1 319 148	16 385	22 391	95 336	407	--	4 005 200
Property, plant, and equipment as of 30/9/2024	198 515	2 331 055	1 244 277	13 983	25 663	93165	384	391	3 907 433

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 September 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 September 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 49,091 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	48 158
Production Utilities, equipment of Services	105
Transportation Vehicles	1
Furniture	827
Total	49 091

* 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.

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

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

	<u>In thousands</u>	
	<u>30/9/2024</u>	<u>30/6/2024</u>
Investments configuration	333 285	280 986
Investment expenditure	6 532	14 506
Total	<u>339 817</u>	<u>295 492</u>

Projects investment configuration:

	<u>30/9/2024</u>	<u>30/6/2024</u>
Buildings	1 456	1 456
Machines	67 858	25 070
Equipment	0	1 334
Office equipment and installations	263 971	253 126
Total	<u>333 285</u>	<u>280 986</u>

Investments expenditure:

	<u>30/9/2024</u>	<u>30/6/2024</u>
Advance payments fixed assets	4 699	10 184
LCs of fixed assets	1 833	4 322
Total	<u>6 532</u>	<u>14 506</u>

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

10- INVESTMENTS PROPERTY (NET)

The net investments property on 30/9/2024 amounted to 127 004 thousand Egyptian pounds. The following is the movement of investments property during the period:

Cost as of 1/7/2023	179 987
Transfer from assets	--
Additions	--
Disposals	1 615
Cost as of 30/6/2024	178 372
Cost as of 1/7/2024	178 372
Transferred to fixed assets	--
Additions	--
Disposals	--
Cost as of 30/9/2024	178 372
Depreciation	
Accumulated depreciation as of 1/7/2023	51 927
Transferred to accumulated depreciation	--
Additions	845
Disposals	1 615
accumulated depreciation as of 30/6/2023	51 157
Accumulated depreciation as of 1/7/2024	51 157
Transferred to accumulated depreciation	--
Additions	211
Disposals	--
accumulated depreciation at 30/9/2024	51 368
Net book value as of 30/6/2024	127 215
Net book as of 30/9/2024	127 004

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	178 372

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

- Al-Zumar and Al-Manesterly 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 on the memorandum presented on September 2, 2020 to convert of all the assets of Al-Zumar site as well as the Manesterly 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 September 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

12- INTANGIBLE ASSETS (Net)

	<u>30/9/2024</u>	<u>30/6/2024</u>
Computers' program and H.R software license update	66 454	66 454
Amortization	(47 341)	(45 445)
Disposals residual values	(619)	(619)
Refunded Sales tax	(349)	(349)
Net	<u>18 145</u>	<u>20 041</u>

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

Statement	<u>30/9/2024</u>	<u>30/6/2024</u>
Beginning balance	20 041	24 409
Additions	0	3 760
Disposals	0	(619)
Amortization	(1 896)	(7 509)
Ending balance	18 145	20 041

- 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>30/9/2024</u>	<u>30/6/2024</u>
Investments in bonds	0	900 062
Investments in dollars bonds	926 618	926 200
Fair Value Differential Settlement	(28 016)	(57 612)
NET	<u>898 602</u>	<u>1 768 650</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., and the fair value of dollar bonds as of 30/09/2024 is 898,602 thousand Egyptian pounds.

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

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

14- FINANCIAL ASSETS AT AMORTIZED COST

	<u>30/9/2024</u>	<u>30/6/2024</u>
Deposit in the Central Bank of Egypt invested in government bonds*	20 663	20 663
Investments in other companies shares	5	5
Total	<u>20 668</u>	<u>20 668</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>30/9/2024</u>	<u>30/6/2024</u>
Right of use leased assets	507 561	507 561
Accumulated depreciation right of use leased assets	(300 293)	(298 248)
Net	<u>207 268</u>	<u>209 313</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 40 to 50 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>30/9/2024</u>	<u>30/6/2024</u>
The company's contribution to the project of filling, improvement, and coverage of the El Zomor Canal	359	378
Long term prepaid expense *	12 000	12 000
Net	<u>12 359</u>	<u>12 378</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 September 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

17- INVENTORY (NET)

	<u>30/9/2024</u>	<u>30/6/2024</u>
Raw materials	2 266 065	690 913
Raw materials (Tobacco leaf) under customs custody	730 293	190 604
Fuel inventory	6 843	11 518
Spare parts	1 040 788	751 885
Packaging	3 341 674	1 823 099
Materials and spare parts under process storage	548	543
Production work in process	181 154	128 462
Finished goods	429 896	153 784
Consignment packing materials and spare parts	1 392	967
Goods by road	0	134 771
Letter of Credit	1 295 530	1 124 913
Total	<u>9 294 183</u>	<u>5 011 459</u>
Less the write down in inventory *	(67 182)	(67 182)
Net	<u>9 227 001</u>	<u>4 944 277</u>

- * Write down in inventory include:

	<u>30/9/2024</u>	<u>30/6/2024</u>
Raw Materials	215	215
Spare parts	48 160	48 160
Packing materials	17 798	17 798
Semi-finished products	92	92
Finished products	917	917
Total	<u>67 182</u>	<u>67 182</u>

18- ACCOUNT AND NOTES RECEIVABLE (NET)

	<u>30/9/2024</u>	<u>30/6/2024</u>
Trade receivables (foreign production)	152 175	203 677
Foreign Trade receivables	38 637	4 316
Total	<u>190 812</u>	<u>207 993</u>
Deduct: provision of expected credit losses	<u>(2 466)</u>	<u>(2 466)</u>
Net	<u>188 346</u>	<u>205 527</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.

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

19- DEBTORS AND OTHER DEBIT BALANCES (NET)

	<u>30/9/2024</u>	<u>30/6/2024</u>
Debtor Accounts to governmental Authorities	2 511 361	1 427 192
Accrued revenues	32 395	92 590
Prepaid expenses	41 575	26 572
Other debit balances	184 309	241 286
Total	<u>2 769 640</u>	<u>1 787 640</u>
Less impairment in debtors	(23 601)	(23 601)
Less provision of expected credit losses (debit balances)	(1 717)	(1 717)
Net	<u>2 744 322</u>	<u>1 762 322</u>

19/1 Debtor Accounts to governmental Authorities

	<u>30/9/2024</u>	<u>30/6/2024</u>
Debit balance for holding company	1 648	1 081
VAT tax authority	2 213 422	1 129 289
Custom authority - Public Goods Secretaries	223 947	245 979
Debit balance for other governmental authorities	72 344	50 843
	<u>2 511 361</u>	<u>1 427 192</u>

Debtor accounts with other authorities include the following:

- 3 881 thousand Egyptian pounds pertain to the customs authority for tobacco drawback.
- 2 231 thousand Egyptian pounds pertain to sales tax paid on returned goods.
- 1 414 thousand Egyptian pounds pertain to sales tax paid on investment goods.
- 22 290 thousand Egyptian pounds pertain to the Ministry of Finance for imported sales tax.
- 14 706 thousand Egyptian pounds pertain to income tax.
- 27 822 thousand Egyptian pounds pertain to current accounts.

19/2 Accrued Revenues

	<u>30/9/2024</u>	<u>30/6/2024</u>
Accrued export incentives	2 397	1 476
Securities accrued income	26 344	87 873
Creditor's rent receivable	3 065	2 662
Miscellaneous income accrued	589	579
Total	<u>32 395</u>	<u>92 590</u>

19/3 debit balances:

	<u>30/9/2024</u>	<u>30/6/2024</u>
Guarantees for others	15 096	12 027
Employees loans	11 053	10 123
Other debit balances	158 160	219 136
Total	<u>184 309</u>	<u>241 286</u>

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

20- TRADE PAYABLES - ADVANCE PAYMENTS

	<u>30/9/2024</u>	<u>30/6/2024</u>
Public sector suppliers	216 860	39 249
Private sector suppliers	110 699	47 412
Public sector services suppliers	119 068	13 932
Total	<u>446 627</u>	<u>100 593</u>

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

	<u>30/9/2024</u>	<u>30/6/2024</u>
Treasury bills investments	12 753 573	12 462 191
Investment of investment deposits	371 523	248 334
Total	<u>13 125 096</u>	<u>12 710 525</u>

- Treasury bills were evaluated at their present value according to the purchase price on September 30, 2024, after deducting the fair value of the treasury bills according to the Bank of Cairo's prices on September 30, 2024, with the difference accounted for in the profit and loss of securities.
- Investment funds were evaluated according to the purchase prices at the dates of acquiring the investment certificates, after deducting the closing price on September 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>30/9/2024</u>	<u>30/6/2024</u>
Banks current accounts	3 054 213	2 540 001
Cash on hand	101	5 146
Time deposit / EGP	00	2 500 000
Time deposit / USD	235 782	863 243
Total	<u>3 290 096</u>	<u>5 908 390</u>
<u>Less:</u>		
Less provision of expected credit losses (Banks current account)	(213)	(213)
Less provision of expected credit losses (branch)	0	--
Less provision of expected credit losses (deposits)	(5 687)	(5 687)
Net	<u>3 284 196</u>	<u>5 902 490</u>
Banks overdrafts	(65)	(970 522)
Cash balance 30/6/2024	<u>3 284 131</u>	<u>4 931 968</u>

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

20- TRADE PAYABLES - ADVANCE PAYMENTS

	<u>30/9/2024</u>	<u>30/6/2024</u>
Public sector suppliers	216 860	39 249
Private sector suppliers	110 699	47 412
Public sector services suppliers	119 068	13 932
Total	<u>446 627</u>	<u>100 593</u>

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

	<u>30/9/2024</u>	<u>30/6/2024</u>
Treasury bills investments	12 753 573	12 462 191
Investment of investment deposits	371 523	248 334
Total	<u>13 125 096</u>	<u>12 710 525</u>

- Treasury bills were evaluated at their present value according to the purchase price on September 30, 2024, after deducting the fair value of the treasury bills according to the Bank of Cairo's prices on September 30, 2024, with the difference accounted for in the profit and loss of securities.
- Investment funds were evaluated according to the purchase prices at the dates of acquiring the investment certificates, after deducting the closing price on September 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>30/9/2024</u>	<u>30/6/2024</u>
Banks current accounts	3 054 213	2 540 001
Cash on hand	101	5 146
Time deposit / EGP	00	2 500 000
Time deposit / USD	235 782	863 243
Total	<u>3 290 096</u>	<u>5 908 390</u>
<u>Less:</u>		
Less provision of expected credit losses (Banks current account)	(213)	(213)
Less provision of expected credit losses (branch)	0	--
Less provision of expected credit losses (deposits)	(5 687)	(5 687)
Net	<u>3 284 196</u>	<u>5 902 490</u>
Banks overdrafts	(65)	(970 522)
Cash balance 30/6/2024	<u>3 284 131</u>	<u>4 931 968</u>

23- ISSUED AND PAID-IN CAPITAL

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 30/9/2024 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	226 938 207
Free trading	989 543 763
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

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

- bylaws were amended accordingly. Additionally, the majority approved amending Article 22 of the bylaws to include cumulative voting for electing board members..
- 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.

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

- 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 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>30/9/2024</u>	<u>30/6/2024</u>
Legal Reserve	1 500 000	1 205 504
Statutory Reserve	903 498	903 498
Capital Reserve	595 860	580 942
Reserve Invested in Government Bonds	20 662	20 662
Profit Appropriation Reserve	940 170	940 170
Financial Investment Revaluation Reserve	(28 896)	(51 834)
Employee Benefits Revaluation Reserve	9 456	9 456
Expected Credit Loss Reserve for Debt Instruments	5 726	5 726
other	25	25
Total	<u>3 946 501</u>	<u>3 614 149</u>

- As of September 30, 2024, the balance of the issued and paid-up capital, reserves, and retained surplus amounted to EGP 8 933 955 thousand. The following is the movement of the capital accounts, reserves, and retained surplus:

	Thousand Egyptian Pounds			<u>Balance as of</u> <u>30/09/2024</u>
	<u>Balance as of</u> <u>01/07/2024</u>	<u>Additions</u>	<u>Exclusions</u>	
Issued and Paid-Up Capital	3 000 000	0.0	0,0	3 000 000
Legal Reserve	1 205 504	294 496	0.0	1 500 000
Statutory Reserve	903 498	0.0	0,0	903 498
Capital Reserve	580 942	14 918	0.0	595 860
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	(51 834)	22 938	0,0	(28 896)
Expected Credit Loss Reserve for Debt Instruments	5 726	0.0	0.0	5 726
Employee Benefits Revaluation Reserve	9 456	0.0	0,0	9 456
Other Reserves	25	0.0	0.0	25
Retained Earnings	9 554 967	1 819 753	(9 387 266)	1 987 454
Total	<u>16 169 116</u>	<u>2 152 105</u>	<u>(9 387 266)</u>	<u>8 933 955</u>

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

The legal reserves:

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>30/9/2024</u>	<u>30/6/2024</u>
Retained earnings	9 554 967	9 703 325
Dividends	(9 387 266)	(9 352 399)
Net Profit for the year	1 824 805	9 181 481
Adjustment of expenses and revenues from previous years	(5 052)	22 560
Total	<u>1 987 454</u>	<u>9 554 967</u>

-The General Assembly held on 9/26/2024 decided to distribute the interest deferred on 6/30/2024 as follows:

- Approval of the proposed profit distribution account of the Board of Directors for the fiscal year 2023/2024, provided that the dividend per share is (two pounds and seventy piasters), the employees' share is 903,194 thousand Egyptian pounds, and the Board of Directors' bonus is the Board's share in the profits is 28,750 thousand Egyptian pounds.

- The carried-forward profits on 9/30/2024 also include the period from 7/1/2024 to 9/30/2024, amounting to 1,987,454 thousand pounds. The amount charged on carried-forward profits for the financial period from 1/7/2024 to 9/30/2024 amounted to 5,052 thousand pounds, which is a settlement of previous years' expenses and previous years' revenues.

- the company's ordinary general assembly held on 26/09/2024, 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 auditors' report 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 nine billion One hundred and eighty-one million, four hundred and eighty-one thousand 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 September 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 2023/2024, taking into account that the return per share is (two pounds and seventy piasters), provided that the full value of the coupon is paid in two installments The first payment: one pound and seventy piasters within a month from the date of the assembly, The second payment: one pound during the next November, and that the share of the employees is Nine hundred and three million, one hundred and ninety-four thousand Egyptian pounds, provided that the Board of Directors' bonus (the Board's share of the profits) is twenty-eight thousand, seven hundred and fifty Egyptian pounds.
- 6- Approval of the remuneration and allowances of the members of the Board of Directors for the year that will end on 30/6/2025, as follows: five 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 30/6/2025, and determining his fees to be Six hundred and fifty thousand Egyptian pounds.
- 8- Approval of the donations spent during the financial year ending on 30/6/2024 and the licenses for the Board of Directors to donate on behalf of the company during the financial year, which will end on 30/6/2025, not exceeding the amount of seventy-five million pounds, provided that the date of the start of the donation will be 1/7/2024 at the beginning of the new year.
- 9- Approval of netting contracts concluded for the financial year ending 30/6/2024 for Zaki Hashem Legal Consulting Office with a total value of three million Seven hundred and sixty nine thousand pounds and licensing the conclusion of netting contracts for the financial year 2024/2025.

26- DEFERRED TAX

	<u>30/9/2024</u>	<u>30/6/2024</u>
Deferred tax liabilities	(455 923)	(537 635)
Deferred tax assets	320 281	141 008
Net tax liabilities	<u>(135 642)</u>	<u>(396 627)</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 381 854 thousand for all permanent employees of the company as of 30/9/2024, 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 42 460 thousand, has been separated and included in current liabilities.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED September 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:
 - 1- Reaching the legal age of retirement.
 - 2- Early retirement cases for those who are over 55 years old.
 - 3- Partial or total service disability.
 - 4- 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, based on 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 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.

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			Balance as of 30/9/2024
	Balance as of 1/7/2024	Provided	No longer Required	
Provision of disputed taxes	923 027	0	0	923 027
Provision of legal claims	4 701	498	(89)	5 110
Provision of early pension	391	850 000	(213)	850 178
Provision of real estate tax	12 575	0	0	12 575
Total	940 694	850 498	(302)	1 790 890

- "Provision of early pension :- Formulated to meet early retirement obligations
- Disputed tax provision :- a component to meet 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 September 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

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

percentage	Topic	<u>Thousand Egyptian Pounds</u>	Description
50%	Compensation	250	Primary cases
50%	Compensation	250	primary cases
50%	Compensation	250	Primary cases
50%	Compensation	750	primary cases
50%	Compensation	200	primary cases
50%	Compensation	150	primary cases
50%	Compensation	500	Appeal cases.
50%	Compensation	31	Appeal cases.
20%	Termination of Employee	1000	Cassations cases
20%	Compensation for Death	80	Cassations cases
20%	Cancellation of Decision and Compensation	1000	Cassations cases
20%	worker separation	184	Cassations cases
20%	Cash Equivalent	300	Cassations cases
20%	Compensation	46	Cassations cases
20%	Compensation	17	Cassations cases
20%	Compensation	102	Cassations cases
		5 110	Total

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

percentage	Topic	<u>Thousand Egyptian Pounds</u>	Description
65%	Compensation	3 795	Appeal cases
65%	compensation	6000	
65%	Obligation to pay the amount	298	Cassations cases
		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 September 30, 2024
(Amounts expressed in Thousands of Egyptian Pounds unless otherwise stated)

29- ACCOUNT AND NOTES PAYABLES

	<u>30/9/2024</u>	<u>30/6/2024</u>
Trade payables (public sector)	58 642	35 072
Trade payables (private sector)	243 344	231 834
Foreign Trade payables	4 046 589	1 712 465
Total	<u>4 348 575</u>	<u>1 979 371</u>

30- CREDITORS AND OTHER CREDIT BALANCES

	<u>30/9/2024</u>	<u>30/6/2024</u>
Governmental authorities current account	6 241 094	9 401 090
Dividends payable	9 053 754	468
Accrued expenses	634 480	553 693
Other credit balances	1 060 824	683 976
Total	<u>16 990 152</u>	<u>10 639 227</u>

30/1 Governmental authorities credit accounts

	<u>30/9/2024</u>	<u>30/6/2024</u>
VAT tax authority*	6 105 773	9 294 921
Health insurance contribution	84 796	61 565
General Tax Authority (salary tax-withheld from others at source)	21 894	17 436
Property tax authority	4 035	2 608
National organization for social insurance	24 596	24 560
Total	<u>6 241 094</u>	<u>9 401 090</u>

30/2 Accrued expenses

* 634 480 thousand Egyptian Pounds representing accrued expenses for employees and other.

30/3 credit balances

	<u>30/9/2024</u>	<u>30/6/2024</u>
Deposits from others	116 709	87 179
Fixed assets supplies	7 618	6 844
Creditors amounts deducted from employees	14 723	8 833
Deferred revenue related to gifted fixed assets	97 469	103 019
Credit balances include deferred revenue. Services	115 000	--
Amounts set aside for workers - social services**	118 104	123 239
Credit balances	<u>591 201</u>	<u>354 862</u>
Total	<u>1 060 824</u>	<u>683 976</u>

- Credit balances includes unearned revenues:
49 091 thousand EGP for gifted assets
41 299 thousand EGP for spare parts transferred from British American tobacco
7 079 thousand EGP for net packaging from British American

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

** 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 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 show 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>30/9/2024</u>	<u>30/6/2024</u>
Receivables - other credit balances	218 226	54 180
Receivables credit balances – scrap	657	201
Total	<u>218 883</u>	<u>54 381</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 22 621 thousand Egyptian Pounds.

*** Income statement**

The cost of activity revenues includes an amount of 2 045 thousand Egyptian pounds for the depreciation of usufruct assets (for the period from July 1,2024 to September 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.

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

32- NET SALES

	<u>30/9/2024</u>	<u>30/9/2023</u>
Net sales finished goods	7 804 643	2 893 570
Net sales finished goods export	77 505	34 882
Net sales of merchandise purchased for sale	--	4 023
Revenue of operation for other	296 218	189 602
Carpentry workshop revenue	--	17
Covered hall revenue	943	1120
Total	<u>8 179 309</u>	<u>3 123 214</u>
<u>Less : discount</u>	<u>(53 916)</u>	<u>(24 747)</u>
Net	<u>8 125 393</u>	<u>3 098 467</u>

33- COST OF GOODS SOLD

	<u>30/9/2024</u>	<u>30/9/2023</u>
Raw Materials	5 155 479	1 497 734
Depreciation and amortization	94 442	92 762
Wages	550 968	386 252
Maintenance	203 666	172 695
Miscellaneous service expenses	16 976	(4 785)
Insurance expenses	7 296	6 942
Purchases for sale	--	1 958
Loss of decrease in material cost	165	--
Reverse decrease in inventory**	863	16
Change in inventory	(328 804)	(22 003)
shortage - increase differences customs weights	2 055	--
Others	21 922	16 760
Total	<u>5 725 028</u>	<u>2 148 331</u>

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

	<u>30/9/2024</u>	<u>30/9/2023</u>
Raw Materials	862	16
Packing Materials	1	--
<u>total</u>	<u>863</u>	<u>16</u>

*** Cost of goods sold includes the cost covered hall by 2 244 thousand Egyptian Pound

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

34- OTHER INCOME

	<u>30/9/2024</u>	<u>30/9/2023</u>
Other Miscellaneous Revenues*	38 374	25 493
Profit from Sale of Scrap	18 191	7
Credit Rentals	589	--
Credit Compensation	218	1 094
Capital Gains	1 318	--
Profit from Sale of Financial Instruments	18 742	15 684
Revenue from Leased Assets	50 000	50 000
Grants and Subsidies**	920	775
Profit/Loss from Revaluation of Financial Instruments***	(24 074)	20 040
Total	<u>104 278</u>	<u>113 093</u>

* The miscellaneous revenues include an amount of 3 569 thousand Egyptian Pound relevant to gifted assets

** Other revenues include grants and subsidies for the period from 1/7/2024 to 30/9/2024, 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>30/9/2024</u>	<u>30/9/2023</u>
Profits on revaluation securities	83 295	35 495
<u>Losses on revaluation financial securities</u>	<u>(107 369)</u>	<u>(15 455)</u>
<u>Net profit of revaluation of securities</u>	<u>(24 074)</u>	<u>20 040</u>

35- SALES AND DISTRIBUTION EXPENSES

	<u>30/9/2024</u>	<u>30/9/2023</u>
Salaries	133 750	95 238
Depreciation and amortization	971	1 169
Maintenances	340	230
Miscellaneous service expenses	1 060	674
Insurance expenses	1 012	1 097
Marketing expenses	--	13 557
Finished goods transfer	14 697	5 705
Other	9 441	8 195
Total	<u>161 271</u>	<u>125 865</u>

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

36- GENERAL AND ADMINISTRATIVE EXPENSES

	<u>30/9/2024</u>	<u>30/9/2023</u>
Salaries	59 169	40 503
Depreciation and amortization	4 664	4 606
Maintenances	34	34
Miscellaneous service expenses	52 185	4 154
Other	9 956	9 335
Total	<u>126 008</u>	<u>58 632</u>

37- OTHER EXPENSES

	<u>30/9/2024</u>	<u>30/9/2023</u>
Donations and Subsidies to Others	18 750	12 500
Extraordinary Losses	2 866	3 855
Mutual Contribution – Comprehensive Health Insurance	23 232	9 537
Provision for Early Retirement Obligations	850 000	--
Provision for Legal Claims, Wages, and Others	498	98
Losses from Exclusion of Fair Value Debt Instruments (Other Comprehensive Income)	556	496
Compensations and Fines	20 735	249
Total	<u>916 637</u>	<u>26 735</u>

38- NET FINANCING COST/ REVENUE

	<u>30/9/2024</u>	<u>30/9/2023</u>
Credit interest	133 890	18 524
Gain on foreign currencies	41 497	1 054
Total finance revenue	<u>175 387</u>	<u>19 578</u>
Debit interest and bank expenses	(13 204)	(8 006)
(Losses) on foreign currencies	(35 759)	(1 497)
Total finance expenses	<u>(48 963)</u>	<u>9 503</u>
Net financing Revenue	<u>126 424</u>	<u>10 075</u>

39- OTHER FINANCIAL INVESTMENTS REVENUE

Other financial investment income includes EGP 914 600 thousand from Treasury Bills returns, EGP 8 691 thousand from investment certificates, and EGP 181 thousand from government bonds returns.

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

40- TAX EXPENSES

- The income tax in the income statement as of 30/9/2024 amounted to 793 462 thousand EGP.
- The deferred tax in income statement as of 30/9/2024 was amounted to 267 645 thousand Egyptian Pounds according to the following:

	<u>Thousand Egyptian Pounds</u>
Deferred tax assets	185 932
Deferred tax liabilities	81 713
Total	267 645

- **The current tax average 33,76%**

41- EARNINGS PER SHARE

	<u>Unit</u>	<u>30/9/2024</u>	<u>30/9/2023</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	1 580 341	876 230
Weighted average number of common shares	Thousand shares	3 000 000	2 230 000
Portion per share in net profit	Egyptian Pounds	0.53	0.39

The Cash Flows Statement:

42- CASH AND CASH EQUIVALENT

- The cash and cash equivalent balance amounted to 3 290 031 thousand Egyptian Pounds are as following:

	<u>30/9/2024</u>	<u>30/6/2024</u>
Bank accounts	3 054 213	3 865 546
Cash in hand	101	2 517
Time deposits in local currencies / foreign currencies	235 782	608 366
Overdrafts	(65)	(795 222)
Total	3 290 031	3 681 207

- Treasury bills amounting to EGP 12 753 573, 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 usd 606 million.
- There are USD deposits amounting to USD 4 889 at Banque du Caire and Emirates NBD Bank.
- 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 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.

43- Contractual commitments

- The contractual commitments consist of the refurbishment and reconditioning of the 80MM2S/1/80HC cutting unit valued at GBP 99 850, and the refurbishment and reconditioning of the 80MMS4/1/80HC cutting unit, valued at EUR 42 550.

44- COMPARATIVE FIGURES

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

- OTHER DATA

45- 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.

46- 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 7mI 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).

47- 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.

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

- 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.
- 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.

48- SIGNIFICANT EVENT

48-1 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 48.2271 on 30 September 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%.

The Monetary Policy Committee of the Central Bank of Egypt decided in its meeting on Thursday, 17/10/2024, to maintain the overnight deposit and lending rates and the main operation rate of the Central Bank at 27.75% ,28.25% respectively, It also decided to maintain the credit and discount rate at 27.75.

This decision comes in response to the latest developments and expectations at the global and local levels since the previous meeting Monetary Policy Committee.

48-2-1 Subsequent Events:

- On 31/10/2024, a deal was executed through the mechanism of large-sized deals on the company's shares for 9,000,000 shares amounted 225,000,000 Egyptian pounds.
- On 4/11/2024, a deal was executed through the mechanism of large-sized deals on the company's shares for 20,000,000 shares amounted 500,000,000 Egyptian pounds.
- On 11/11/2024, a deal was executed through the mechanism of large-sized deals on the company's shares for 35,000,000 shares amounted 875,000,000 Egyptian pounds.
- On 13/11/2024, a deal was executed through the mechanism of large-sized deals on the company's shares for 34,728,761 shares amounted 868,219,025 Egyptian pounds.

48-2-2 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	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.	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.	Standard No. 13 Amended 2024 "Effects of Changes in Foreign Exchange Rates":

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED September 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
period in which the company first applies this model.		<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>	

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 <u>begin on or after January 1, 2024</u> , 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>	Accounting standard Egyptian Law No. (34) amended 2023 "Real Estate Investment"

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE PERIOD ENDED September 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 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. - 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.	
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	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. 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.	Egyptian Accounting Standard No. 17 Revised 2024: Separate Financial Statements

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 Mosli)
Chief financial officer

