



شركة سيدى كرير للبترولكيماويات
Sidi Kerir Petrochemicals Co.

Date : 14/8/2023

Attention: The Egyptian Exchange

greeting,

Please find attached the audited financial statements for the period of January – June 2023 along with the limited review report.

Kind regards.....

Mohamed Fathy Aamer
Financial Control General Manager



Sidi Kerir Petrochemicals (Sidpec) “S.A.E”
Financial Statements
And Auditor’s Report
For the Financial Year as of 30, June 2023

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LIMITED REVIEW REPORT OF REGULAR FINANCIAL STATEMENTS

To the Shareholders of Sidi Kerir Petrochemicals (Sidpec) "S.A.E

Introduction

We have performed a limited review for the accompanying financial position of Sidi Kerir Petrochemicals (Sidpec) "S.A.E" attached herewith as at June 30, 2023, and the related statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six months period then ended. And a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of 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 limited review.

Limited Review Scope

We conducted our limited review in accordance with the Egyptian Standard on limited review engagement No 2410 " Limited review of Financial statements performed by the auditor of the entity", a limited review of interim financial statements consists of making inquiries , primarily of persons responsible for financial and accounting matters , and applying analytical and other limited review procedures, a limited review is substantially less in scope than an audited conducted in accordance with Egyptian standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit , Accordingly we do not express an audit opinion on these financial statements.

Conclusion

In the light of our limited review, nothing has come to our attention that causes us to believe that the accompanying financial statements do not present fairly in all material respects the financial position of Sidi Kerir Petrochemicals (Sidpec) "S.A.E" as at June 30, 2023 and its financial performance and cash flow for the six months then ended in accordance with Egyptian Accounting Standards.

The following notes are not qualified matters

- 1- The Company's Board of directors in its meeting held on June 26, 2023 has approved the fair value of the share of Sidi Kerir Petrochemicals company (Sidpec) and the Egyptian Company for the production of Ethylene and its derivatives (Ethydco) on December 31, 2022 that has been prepared by independent financial advisor (Baker Tilly for Financial Consulting Company)
- 2- Legal dispute regarding the area difference of 70 acres for the in-kind shares provided by Egyptian Petrochemicals Company, and legal dispute regarding the area of 19 acres purchased during financial year 2004 have not been resolved yet,
- 3- The feasibility study of propylene project has not been re-examined amounted to EGP 382 million note No (3) in the light of emergencies updates.
- 4- The company's long -term investments have not been evaluated in accordance with the requirements of Egyptian Accounting Standard No. (47)

Date: 14/8/2023

Ahmed Sultan & Co.
Eura Audit International

Auditor

Ahmed Sultan

Member of Egyptian Taxation Society

Ahmed Sultan & Co.

Member of Eura Audit International

Sidi Kerir Petrochemicals (Sidpec) "S.A.E"**Statement of Financial Position****As at June 30, 2023**

Translation From Originally Issued in Arabic			
	Notes	30/6/2023	31/12/2022
		EGP	EGP
Assets			
Non-current assets			
Fixed assets (Net)	1	1203 217 989	1207 059 218
Right of use assets	2	2 117 905	2 649 206
Projects under constructions	3	469 183 628	419 052 536
Real estate investments	4	14 921 514	14 921 514
Non-current investments	5	2135 821 741	1676 321 740
Total non-current assets		3825 262 777	3320 004 214
Current assets			
Inventories (Net)	6	1520 823 811	876 810 918
Trade and notes receivable (Net)	7	364 931 124	324 860 506
Due from related parties	8	1472 521 482	1376 822 398
Advance Payments	9	8 796 804	8 796 804
Debtors and other receivables	10	889 759 643	1092 009 228
Current investments fair value	11	1181 171 109	1535 711 185
Cash and cash equivalents	12	491 026 112	283 277 831
Total current assets		5929 030 085	5498 288 870
Total assets		9754 292 862	8818 293 084
Equity			
Issued and paid-up capital	13	1512 000 000	1260 000 000
Reserve for capital increase		-	252 000 000
Legal reserve		630 000 000	578 503 631
Other reserves	14	1530 350 323	1529 962 977
Foreign exchange differences		-	(346 596 311)
Retained earnings		165 109 149	95 915 005
Net profits for the period / year		1209 224 486	1238 078 090
Total equity		5046 683 958	4607 863 392
Non-current liabilities			
Loans	19	1105 547 437	798 105 145
Finance lease liabilities		1 727 215	1 727 215
Long term provision	15	171 231 500	174 000 000
Deferred tax liabilities	16	135 958 675	135 181 839
Total non-current liabilities		1414 464 827	1109 014 199
Current liabilities			
Loans	19	172 313 953	261 386 300
Short term credit facilities	19	497 431 329	727 402 965
Finance lease liabilities		671 205	1 211 978
Trade payables		104 225 465	50 216 979
Due to related parties	17	1094 691 188	694 938 700
Other credit balances	18	1065 266 760	978 169 408
Income tax		358 544 177	388 089 163
Total current liabilities		3293 144 077	3101 415 493
Total equity and liabilities		9754 292 862	8818 293 084

The accompanying notes form an integral part of these financial statements.

Auditor's Report attached

Financial Control General Manager

Deputy Chirman for financial And economic
affair's

Chairman and CEO

ACC/ Mohamed Fathy

ACC/Mohamed Adly

ENG/ Mohamed Ibrahim

Sidi Kerir Petrochemicals (Sidpec) "S.A.E"

Statement of Income

For the Financial Period Ended June, 30 2023

Translation From Originally Issued in Arabic

		<u>From 1/1/2023</u>	<u>From 1/4/2023</u>	<u>From 1/1/2022</u>	<u>From 1/4/2022</u>
	<u>Notes</u>	<u>To 30/6/2023</u>	<u>To 30/6/2023</u>	<u>To 30/6/2022</u>	<u>To 30/6/2022</u>
		<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Revenues (Net)	(1-20)	6563 235 393	2948 320 239	3879 140 295	1769 763 790
<u>Less:</u>					
Cost of revenues	(1-21)	(4538 188 553)	(1960 306 408)	(3111 394 145)	(1365 279 772)
Gross Profit		2025 046 840	988 013 831	767 746 150	404 484 018
<u>Less:</u>					
Marketing expenses	(2-21)	(72 083 126)	(33 815 110)	(54 220 010)	(26 316 885)
General and administrative expenses	(3-21)	(225 756 415)	(107 898 868)	(151 179 008)	(72 421 840)
Provisions	(4-21)	(11 658 229)	(5 001 078)	(7 806 809)	0
Other expenses	(5-21)	(19 231 707)	(8 641 452)	(13 564 966)	(6 700 602)
Interest and financing expenses	(6-21)	(62 314 708)	(30 941 984)	(23 745 312)	(14 884 402)
Foreign currency exchange losses	(7-21)	(227 335 069)	(5 337 000)	(20 849 480)	(30 311 704)
		(618 379 254)	(191 635 492)	(271 365 585)	(150 635 433)
<u>Add:</u>					
Investment income	(2-20)	7 232 300	3 580 536	6 601 357	3 300 679
Other operating income	(3-20)	11 114 471	5 557 513	13 417 177	9 707 763
Other income	(4-20)	1 629 178	896 418	61 405 502	425 131
Credit interests	(5-20)	141 901 963	80 141 173	25 422 292	17 043 651
Operating income		161 877 912	90 175 640	106 846 328	30 477 224
Net profit for the period before tax		1568 545 498	886 553 979	603 226 893	284 325 809
Income tax		(358 544 177)	(207 029 349)	(133 884 481)	(62 746 180)
Deferred tax		(776 835)	(1 298 838)	(1 782 508)	(2 722 563)
Net profit for the period after tax		1209 224 486	678 225 792	467 559 904	218 857 066
Earning Per Share		1.27	0.66	0.59	0.31

The accompanying notes form an integral part of these financial statements.

Financial Control General Manager
ACC/ Mohamed Fathy

Deputy Chirman for financial And economic
affair's
ACC/Mohamed Adly

Chairman and CEO
ENG/ Mohamed Ibrahim

Sidi Kerir Petrochemicals (Sidpec) "S.A.E"

Statement of Comprehensive Income

For the Financial Period Ended June, 30 2023

Translation From Originally Issued in Arabic

	<u>From 1/1/2023</u>	<u>From 1/1/2022</u>
	<u>To 30/6/2023</u>	<u>To 30/6/2022</u>
	<u>EGP Thousands</u>	<u>EGP Thousands</u>
Net profit for the period	1 209 224	467 560
<u>Add:</u>		
Foreign exchange differences		(103 083)
Total Comprehensive Income for the Year	<u>1 209 224</u>	<u>364 477</u>

The accompanying notes form an integral part of these financial statements.

Sidi Kerir Petrochemicals (Sidpec) "S.A.E"

Statement of Cash Flows

For the Financial Period Ended June, 30 2023

Translation From Originally Issued in Arabic

<u>Notes</u>	<u>30/6/2023</u>	<u>30/6/2022</u>
	<u>EGP</u>	<u>EGP</u>
Cash flows from operating activities		
Net profit before tax and extraordinary items	1 568 545 498	603 226 893
Adjustments to reconcile net profit to cash flow from operating activities		
Operating activities		
Fixed assets depreciation	35 202 184	17 034 783
Provisions	8 889 729	7 806 809
Credit interests	(141 901 963)	(25 422 292)
Investment income	(7 232 300)	(6 601 358)
Gain/loss on sale of fixed assets	(66 933)	(294 146)
Debit interests	62 314 708	23 745 312
Foreign currency losses	227 335 069	20 849 480
Operating profit before changes in working capital	1 753 085 992	640 345 481
Changes in trade, notes receivables and other receivables	(10 271 646)	(628 442 295)
Changes in inventories	(644 012 893)	(49 365 266)
Changes in trade and notes payable	238 345 183	749 714 564
Cash flow from operating activities before extraordinary items	1 337 146 636	712 252 484
Proceeds from credit interests	141 299 774	25 005 458
Payments for debit interests	(58 537 055)	(14 534 505)
Payments of income tax	(232 142 568)	(21 044 383)
Net cash (used in) operating activities	1 187 766 787	701 679 054
Cash flows from investing activities		
Purchases of fixed assets	(129 844 667)	(5 586 511)
Current investments	352 215 080	(415 636 062)
Non-current investments	(459 500 001)	0
Net cash (used in) investing activities	(237 129 588)	(421 222 573)
Cash flows from financing activities		
Dividends payable	(509 569 074)	(59 743 631)
Loans	(29 113 436)	(49 324 568)
Finance lease liabilities	(540 773)	305 830
Bank credit facilities	(367 213 353)	242 204 160
Cash flows (used in) financing activities	(906 436 636)	133 441 791
Net cash flow from all activities	44 200 563	413 898 273
Foreign exchange differences	164 874 046	20 849 480
Impact on foreign exchange (Comprehensive income)	-	103 083 373
Expected credit losses for cash and equivalents	(1 326 328)	6 083 800
Net increase (decrease) in cash and cash equivalents during the year	207 748 281	543 914 925
Cash and cash equivalents at the beginning of the year	283 277 831	379 621 974
Cash and cash equivalents at the end of the year	491 026 112	923 536 899

The accompanying notes form an integral part of these financial statements.

Sidi Kerir Petrochemicals (Sidpec) "S.A.E."

Statement of Changes in Equity

For the Financial Period Ended June, 30 2023

	Translation From Originally Issued In Arabic					
	Capital	Legal Reserve	Other Reserve	Capital Increase Reserve	Retained Earnings	Net Profit For The Year
	EGP	EGP	EGP	EGP	EGP	EGP
Balance as at December 31, 2021	1 260 000	525 000	1 379 837		81 421	535 162
Treatment of foreign exchange difference for comprehensive income	0	0			0	
EAS No (49) amendments impact					(5 757)	
EAS No. (5) amendments impact					462	
Transferred to legal reserve		53 504			0	(53 504)
Transferred to retained earnings	0	0			19 789	(19 789)
Investment reserve			150 126	252 000		(150 126)
Dividends for the year 2021	0	0				(311 743)
Free shares distribution	0	0			0	0
Net profit for the year ended December 31, 2022						1 238 078
Balance as at December 31, 2022	1 260 000	578 504	1 529 963	252 000	95 915	1 238 078
Treatment of foreign exchange difference for comprehensive income					(346 596)	
Free shares distribution for year 2021	252 000			(252 000)		0
Applying EAS no. (5)					41 565	
Transferred to legal reserve		51 496				(51 496)
Transferred to other reserve			387			(387)
Transferred to retained Earnings					374 226	(374 226)
Dividends for the year 2022						(811 969)
Net profit for the period ended June 30, 2023						1 209 224
Balance as at June 30, 2023	1 512 000	630 000	1 530 350	0	165 110	1 209 224
					-	5 046 684

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

First- Background:

- Sidi Kerir Petrochemicals (Sidpec) Is an Egyptian Joint Stock Company established under the investment incentives and guarantees law no. (8) of 1997 and related executive regulations as replaced by law no. (72) of 2017, and under law no. (159) of 1981 with regarding to law no. (95) for year 1992 subject to capital market authority and its executive regulations.
- **Registration in the Commercial Registry**

The company was registered in Alexandria Investment Commercial Registry under no. 145404 on November 18, 1997.

-The term of the company was extended until the year 2047 according to the extraordinary general assembly held on 20/3/2022

- **Capital structure:**

- Authorized capital: EGP 5100 million.
- Issued and paid-up capital: EGP 1512 million.
- The company's issued shares are registered as central depository amounted to 756 million shares with nominal value of EGP 2 per share.

- **Registration in the Stock Exchange:**

- The company is listed in the Egyptian Stock Exchanges on 19/3/2005.
- The company's trading shares in the Stock Exchanges starts from 3/7/2005.

- **Head office:**

- Alexandria/Cairo Desert Road El-Amerya, El-Nahda Territory, Alexandria, Industrial Zone according to the Prim-Minister's resolution no. 2244 issued on December 2000.

- **Purpose of the company:**

- Construction of petrochemical products complex for producing the primary petrochemicals, intermediates, derivatives and major end use products of petrochemicals. Also, the company's purpose includes all the complementary process such as manufacturing and establishment of pipe lines and import gas for the purpose of manufacturing. The Company may undertake other projects or modify its purpose.
- Construction, acquisition, operation, and management of a power plant for use in the consumption of the company and the sale of surplus electricity to companies and national network of Egypt.
- Sale and marketing of all its products as well as other petrochemical products. Import, export, manufacturing, packaging, and sale of petrochemical products, and all kinds of plastics.

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

- This is without violating the provisions of laws, regulations, and decisions in force, and provided that the necessary licenses issued to carry out these activities. The Company may contribute or participate in any way in or with companies and others
- that engage in acts of their business or that may cooperate in achieving its purpose in Egypt or abroad.

- **Chairman and Managing Director:**

Engineer / Mohamed Mohamed Ibrahim

- **The company’s production capacity:**

- Production of Ethylene with a production capacity of 300 thousand tons yearly.
- Production of Polyethylene with a production capacity of 225 thousand tons yearly.
- Facilities with the capacity needed to cover the Company’s production projects.
- Production of Biotin with a production capacity of 10 thousand tons yearly
- Production of butane gas with a production capacity of 50 thousand tons yearly with maximum according to the feed gases specifications.

Authorization of the financial statements:

The financial statements were prepared by the Company’s management, then the audit committee present it to the Board of Directors to authorize for issue and approved on May 2, 2023.

Second- Basis of preparation of the financial statements

Statement of compliance

- These financial statements have been prepared in accordance with Egyptian Accounting Standards, and in the light of applicable Egyptian laws and regulations. The financial statements have been prepared in accordance with an updated Egyptian Accounting Standards (EAS) issued as per the decree of the minister of investment No. 110 of 2015, issued on July 9, 2015, as replaced by the Ministry of Investment and International Cooperation issued Resolution no. (69) of 2019 on April 7, 2019 and in the light of related Egyptian laws and regulations.
- Based on the decree of Prime Minister no. (1871) of 2020, The company has applied Egyptian Accounting Standard (47) “Financial Instruments”, Egyptian Accounting Standard (48) “Revenue from Contracts with Customers”, Egyptian Accounting Standard (49) “Leasing Contracts”.
- The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

Basis of measurement

- These financial statements have been prepared under historical cost basis, except for current investments (investment securities).

Functional and presentation currency

- These financial statements are presented in Egyptian pound, the main currency of the company's functional and presentation currency.

Use of Estimates and assumptions

The preparation of the financial statements in conformity with Egyptian Accounting Standards requires management to make estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other various factors that are believed to be reasonable under the circumstances, the results of these assumptions represent the judgmental basis for the value of assets and liabilities that may not apparently available from other sources. The actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on-going basis.

Reviewed accounting estimates are recognized in the same revision period, and impact of revaluation takes place in that period or in any future financial periods that may affected by it.

Information about significant items in which these estimates and personal judgment are used, which have a significant effect on the values in the financial statements, is included in the following notes:

- Provisions and contingencies.
- Operational useful life of fixed assets.
- Accrued expenses.
- Impairment loss on financial assets and non-financial assets.
- Deferred tax
- Fair value measurement

Statement of cash flow

- Cash flow statement is prepared using the indirect method. For the purpose of preparing the cash flow statement, cash and cash equivalents include cash on hand, cash in banks and checks under collections, and bank overdraft balance that is not included in the overall bank credit facilities package. The balance of Bank overdraft that is part of the company's credit facilities is included in the current liabilities in the balance sheet.

Comparative figures

- The comparative figures shall be re-classified when necessary to be in conformity with the changes in the presentation adopted in the current period according to EAS.

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

Third: Significant accounting policies

- The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Foreign currency transactions

- Transactions in foreign currencies are translated to the respective functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Nonmonetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective.
- Qualifying cash flow hedges to the extent that the hedges are effective.

Discontinuing operation

- A discontinued operation is a component of the Company's business, the operations and cash flows of which can be clearly distinguished from the rest of the Company.
- Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.
- When an operation is classified as a discontinued operation, the comparative statement of profit or loss and statement of comprehensive profit and loss is re-presented as if the operation had been discontinued from the start of the comparative year.

Property, plant and equipment

Recognition and initial measurement:

- Plant and equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.
- The fixed assets owned by the company and held for use in production or provision of goods or services or for administrative purposes are proven at cost and fixed assets in the financial position are shown at historical cost, less the combined depreciation and accumulated loss resulting from the decrease in value.
- Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bring the asset to a working condition for their intended use, the costs of

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

dismantling and removing the items, and restoring the site on which they are located and capitalized borrowing costs.

- Computer software programmes acquired, which enhances or extends the performance of computers is capitalized and added to the original cost of the software.
- Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets represents a component of the cost of these assets. Capitalisation should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete. All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Subsequent costs on the acquisition

The cost of replacing a component of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced component is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation

- Depreciation is calculated to write off the cost of items of property, plant, and equipment less than their estimated residual values using the (straight-line method) over their estimated useful lives for each item.
- Depreciation is recognised in profit or loss using the straight-line method over their estimated useful lives for each item of property, plant and equipment. The land is not depreciated.
- Estimated depreciation rates for each type of asset are as follow:

<u>Description</u>	<u>Rate</u>	<u>Useful lives</u>
Buildings and constructions	5%-2%	20-50 years
Machinery and equipment	5%	20 years
Transportation and vehicles	20%-10%	5-10 years
Tool	20%-10%	5-10 years
Computers	25%	4 years

- Depreciation commences when the fixed asset is completed and made available for use. Depreciation method useful life and residual value are reviewed at each financial statements date and adjusted as appropriate.

Capital gains and losses from the exclusion of fixed assets

- Profits and losses resulting from the exclusion of fixed assets arising from comparison of net selling value and net book value of the asset resulting in capital gains and losses recognized in the income statement.
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Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

Borrowing costs

- Loans are initially recognized at fair value less the costs incurred to obtain the loans, and these loans are subsequently measured at amortized cost, and the difference between cash proceeds from the loans (less the cost of obtaining the loan) and the value required to be repaid on the loans due date to be recognized in the profit and loss, over the useful life of the loan using the effective interest rate.
- Borrowing costs incurred to obtain loans facilities are recognized as cost up till partially or totally use these facilities, these costs are not amortized till use loans facilities, and if loan facilities are not absolutely confirmed to be obtained, borrowing cost are capitalized and classified as advance payments for credit facilities and amortized over the period of credit facilities granted.
- Loans are classified as current liabilities unless the company has the rights to settle these loans after the balance sheet statement date by at least 12 months.
- Borrowing cost are charged as expenses on the period that incurred, Capitalisation should commence when borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation should be suspended during periods in which active development is interrupted.
- All financial borrowing charges are recognized in the profit and loss at the period that incurred.

Right of use assets

Recognition and initial measurement:

- The Company recognises a right of use asset at the lease commencement date.
- The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right of use assets subsequent measurement:

- The right of use asset is subsequently measured by cost model after the lease commencement date. In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Depreciation

- The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. The right of use asset is depreciated on a lease term and based on EAS no (10) fixed assets and depression, if ownership of the leased asset transferred to the Company at the end of the lease term or if the company will exercise the purchase option. Otherwise, right of use assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

Projects under construction

- Expenditures incurred on purchasing and constructing fixed assets are initially recorded in projects under construction, projects under construction are measured at cost less accumulated impairment losses. No depreciation is charged until the project is completed and transferred to fixed asset.
- All expenses related to cost include direct and necessary to prepare the asset to the state that is ready to use and in the purpose for which it was acquired. The asset is transferred from projects under construction to fixed assets when it is completed and ready to use.

Real estate investments

- The company shall recognize the property investment firstly at the cost when probable future economic benefits flow will be in the interest of the company, the company can measure the property investment accurately when the company intends to keep or rent these assets or the company expects an increase in the value of the property investment, or both.
- The real estate investment cost includes all the costs for its acquisition.
- After initial recognition, real estate investment is measured according to EAS no. (10).

Long term investments

- Long-term investments are recognized at cost on acquiring date However, when there is a decline, other than temporary, in the value of a long-term investment, the carrying amount is reduced by the impairments value that occurred to recognise the decline for each investment and this reduce is reflected in the profit and loss statement.
- The investee’s loss his influence on the entity when unable to contribute in the decisions that are taken regarding the financial and the operation polices that related to the company
- There is a probable of losing the influence of the investees on the company regardless the changes of the equity share, and this may happen resulting the change of the company legal status to be intercompany that subject to governmental, judicial influence or based on contractual arrangement.

Financial investments by fair value in the profit and loss statements

- It represents the Investments in investment fund which are recognized at the cost of acquisition and are evaluated based on the last declared realizable value, and the change differences in the realizable value are included in the income statement.

Inventories

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

- Inventories are stated at the lower of cost or net realizable value. The net realizable value is estimated at the selling price in normal activity, less the expected cost of completing those items, in addition to the selling expenses for that inventory. The cost of inventory is represented in the cost of acquisition and in addition to the necessary costs associated with the inventory to its location which to be ready for use. The inventory cost is decreased by the expected losses resulting from the decrease in prices or obsolete inventory and this decrease is recorded as part of cost of sales.

Cost of inventories are determined according to the following:

- Raw material and spare parts: according to its actual cost that have been incurred in bringing the inventories to their present location and condition. Cost is determined in accordance with the weighted average cost method.
- Finished goods: are determined at the lower of manufacturing overhead cost or net realizable value. And the manufacturing cost is determined based on (direct materials, direct labors, direct and indirect cost)

Trade receivables, and other receivables

- Trade receivables represents the amounts of sales occurred within the company normal activities, and if expected to collect these amounts during one year or less so it is classified as current assets, otherwise it is classified as non-current assets.
- Trade receivables is recognized at fair value and later on, it is measured by the amortized cost using effective interest rate and less any impairments losses
- Trade, notes receivables, and other receivables which does not include interests are recognized at nominal value net of any impairment losses. Provision is made when solid evidence is occurred that the company will not be able to collect these amounts. The impairment is calculated based on actual historical data that has occurred. Impairment losses are measured as the difference between the recoverable carrying amount and the present value of estimated future cash flows.

Related party transactions

- The company's related party transactions in the context of its normal activity are recognised according to pricing policies and terms approved by the boards of directors, with the same conditions and impact with unrelated party on income and financial position without any discrimination.
- Related party relations and transactions are disclosed in the notes of the financial statements.

Financial instruments

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

- The Company does not use financial instruments derivatives, whether for the purpose of hedging risks or trading, and financial instruments other than derivatives include equity instruments, debt instruments, customers and other debit balances, cash and cash equivalents, loans, trade and other payables.

Impairment

A) Financial assets

- The carrying values of financial assets are reviewed at the date of the financial statements for the purpose of determining whether there is any impairment in their value. A financial asset is considered impaired if there is objective evidence that one or more events have had a negative impact on future cash flows from the use of this asset.
- The impairment test for significant financial assets is carried out individually at the level of each asset. As for other financial assets, which can and can be classified into groups in light of the characteristics of credit risk, the impairment test is conducted at the level of groups that share the same credit risk characteristics.
- All impairment losses are recognized in the income statement. The accumulated losses related to a financial asset available for sale that were previously recognized in equity are transferred to the income statement if the decrease in its value indicates a decrease in the value of the financial asset available for sale.
- Impairment losses are refunded if it can be linked objectively to an event that occurred after the recognition of impairment losses related to financial assets measured at amortized cost and financial assets that are considered a debt instrument in the income statement. Impairment losses in the value of financial assets available for sale are refunded by equity

B) Non-financial assets

- The carrying values of non-financial assets other than inventory and deferred tax assets are reviewed at the date of the financial statements to determine whether there is any indication of impairment. The recoverable value of these assets is estimated.
- An impairment loss is recognized if the carrying amount of the asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of cash inflows from other assets or groups of assets. The impairment losses are recognized in the statement of income.
- The recoverable amount of an asset or cash-generating unit is its value in use or its fair value less costs to sell, whichever is greater. The expected future cash flows are discounted to the present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks associated with the asset.
- Impairment losses recognized in prior periods for non-financial assets are reviewed at the date of the financial statements to determine the extent to which there are indications that the loss has decreased or not. The impairment loss is reversed if there is a change in the estimates used to determine the recoverable amount, and the impairment loss is reversed within the limits so that the carrying amount of the asset does not exceed the carrying amount that would have been calculated after deducting depreciation or amortization if the impairment loss had not been recognised.

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

Financial policies have been implemented starting 2021 - Egyptian accounting standards No.47

Impairment of financial assets

- The company reviews financial assets, except for assets that are measured at fair value, to estimate the extent of impairment in their value through three phases
1-**Phase one**: the financial assets that are not encountered significant increase in credit risk and expected credit loss for 12 months is calculated
2-**Phase two**: the financial assets that encountered significant increase in credit risk and credit loss over their useful life is calculated
3-**Phase three**: the financial assets that are impaired and credit loss is calculated over its useful life, loss is the difference between the net book value of the assets and the expected future cash flow from this asset.

Credit losses and impairment losses are measured in value that related to the financial instruments as follows: -

- Low risk financial instrument is classified when recognized on phase one and credit loss is closely monitored continually through the company
- If there is determination of material increasing in credit losses on 1st recognition, the financial instruments to be transferred to phase two since there is no consideration of impairment losses in this phase
- If there is indicator of impairment losses thus the financial instruments to be transferred to phase three

Financial Instruments and risk management

Liquidity risk:

- Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Market risk:

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

- Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimizing the return. And such transactions are carried out within the guidelines set by the Management.

Foreign currency risk:

- Foreign currency risk arises from transactions denominated in foreign currencies.
- Transactions in foreign currencies are translated to the respective functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

Interest rate risk:

- Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's obligations with variable interest rates. Interest on financial instruments is re-priced with a variable interest rate from one period to another, on a regular basis.

Cash and equivalent

- Cash and cash equivalents include cash on hand, cash in banks and checks under collections, and bank overdraft balance that is not included in the overall bank credit facilities package. Further it represents short term investments that is highly liquidated that can be converted to cash with low risk of change in its value.

Capital management

- The Company's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position, are to safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and - To maintain a strong capital base to support the development of its business.

Legal reserve

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

- According to the Company's law requirements and the statutes of the company, 5% of the annual net profit shall be transferred to a legal reserve until the accumulated reserve reaches 50% of the issued share capital. The reserve is un-distributable; however, it can be used to increase the share capital or to offset losses. If the reserve falls below the defined level, then the company is required it resume setting aside 5% of the annual profit until it reaches 50% of the issued share capital, this is in accordance with law no.159 of 1981.

Lease contract obligation

Initial recognition

- The Company recognizes a lease liability at the lease commencement date.
- The lease liability is initially measured at cost, at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.
- The lease payments at the start of the lease that are not paid at the start date of the lease consist of fixed payments less any lease incentives receivable, and variable payments based on an index or rate.
- The lease payments also include amounts expected to be paid under residual value guarantees.
- And the exercise price of the purchase option if the lessee is reasonably certain to exercise that option.
- Payments of fines for termination of the lease if the lease term reflects the exercise of the option to terminate the lease.

Subsequent measurement of the lease obligation

- After the start date of the lease contract, the lease liability is measured, so the increase or decrease in the carrying amount is measured to reflect the interest and lease payments and any re-evaluation or modifications to the lease contract. The lease contract, in the period in which the event or circumstance that led to these payments occurred.
- The lease contract obligation is re-measured to discount the modified lease payments using a modified discount rate, and if there is a change in the lease term, the modified lease payments are determined based on the modified lease term.
- The lease liability is re-measured if there is a change in the assessment of the option to purchase the underlying asset, and lease payments are determined adjusted to reflect the change in the accrued amounts under the purchase option.

Provisions

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

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

Income and deferred Tax

Income tax

- The recognition of the current tax and deferred tax as income or expense in profit or loss for the year, except in cases in which the tax comes from process or event recognized - at the same time or in a different period - outside profit or loss, whether in other comprehensive income or in equity directly or business combination.

Deferred tax

- Deferred tax is recognized as an asset or liability in the financial position, arising from temporary time differences between the book value of assets and liabilities according to the tax basis.
- Tax Law No. 91 for 2005 came with a tax depreciation system that led to a difference in accounting profit from tax profit due to the different periods of recovery of fixed asset values, and since tax depreciation leads to depreciation of asset values at periods less than accounting depreciation, which leads to the deportation of tax obligations to financial periods in which it becomes, the tax profit and tax obligations are not commensurate with the accounting profit, and those periods are charged with tax obligations resulting from previous periods. It is followed by periods in which the accounting depreciation is greater than the tax depreciation, and in this case, the previously created tax obligations are used.
- Ddeferred tax asset arising from the tax losses carried forward, the right to unused tax deduction and deductible temporary differences are recognized when there is a strong possibility of achieving taxable profits in the future through which this asset can be used, and the unrecognized deferred tax assets are reassessed at the end deferred tax assets that were not previously recognized to the extent that it becomes likely in the future that there will be a tax profit that would allow absorbing the value of the deferred tax asset.
- The deferred tax value is measured based on the expected method to realize or settle the values of assets and liabilities using the tax rates in effect at the date of preparing the financial statements.
- When measuring deferred tax at the end of the ffinancial year, the tax effects of the procedures followed by the company to recover or pay the book value of its assets and liabilities are taken into consideration.
- Deferred tax assets and liabilities are offset only if certain criteria are met.

Trade and other payables

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

- Trade and other payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the suppliers in the ordinary course of business.

Revenue recognition from contract with customers.

The Company recognizes revenue from contracts with customers by applying a five-step model as depicted within EAS no. 48:

Step 1: Identify the contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations, and set the criteria that should be satisfied for each contract.

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

Step 3: Determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring.

Promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract. If the contract contains more than one performance obligation, the company will allocate the transaction price to each obligation at an amount reflecting the consideration to which the company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation.

Revenue recognition

- Revenue is measured by the fair value that is resulting from selling of goods excluding of VAT or any discounts.
- Revenue is recognized when it is available to be measured and there are future economics benefits will return on the company, and also there is availability to measure all the costs related to the sales transaction whether charged to the company or will be certainly charged.

Goods Sold

- Revenue from contracts with a customers is recognized when (or with) the entity fulfils its performance obligations by transferring a promised good or service (any asset) to the customer and the future economics benefits is certain and the cost of sales, sales return probability can be measured to certain extend and the value of revenue can be determined after dispose sales return (if any) or commercial, quantity discount.
- Some transactions can be financed based on credit period that shall not exceed one year from transaction date.
-

Investment income

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

- Revenues from financial investments are recognized when the right of the company's shareholders to the distributions made by sister companies and available for sale in the financial period in which those dividends are approved by the general assemblies of the investee companies is established.
- Investment income is recognised within the limits of the dividends the company receives from the investee companies, which are realized after the date of acquisition, as of the date of the distribution decision issued by the general assemblies of the investee companies, which approved the dividends distribution.

Finance income

- Financing income includes interest income on invested funds, dividends received, profits realized from the sale of financial investments available for sale, and changes in the fair value of financial investments at fair value through profit and loss. Interest income is recognized on an accrual basis using the effective rate of return method.
- Dividend income from investments is recognized when the company's right to dividends is established, in the financial period in which those dividends are approved by the general assemblies of the investee companies.

Expenditures

- All expenditures including operating expenses, general and administrative expenses and other expenses are recognized and charged to the statement of income in the financial year in which these expenses were incurred.

Lease payments

- Payments for operating lease contracts from third parties are recognized in the statement of income on a straight-line basis over the term of the contract, and the collected rental incentives are recognized in the statement of income as an integral part of the total rental expense.

Pension Plan

- The company pays the social insurance subscription that related to the employees to The General Authority for Social Insurance based on the social insurance legal instruction no(148) for year 2019 and its amendments , and further the company pays subscription for employee pension system based on the procedures approved by the board of directors with fixed rates from employees salaries and are charged to the income statements.

Finance costs

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”**Notes to the Financial Statements (Continued)****For the Financial Period Ended June 30, 2023**

- Finance costs comprise interest expense on borrowings, fair value losses on financial assets at fair value through profit, or loss impairment losses recognized on financial assets.
- Borrowing costs that are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognized in profit or loss using the effective interest method.
- Foreign currency gains and losses are reported on a net basis.

Shares profitability

- The company presents data on the basic share of the share of its common shares, the basic share of earnings per share is calculated by dividing the profit or loss related to the shareholders from their contribution to the company's common shares on the weighted average number of ordinary shares listed during the year.

Employees' share of profits

- In accordance with the companies' law and the basic regulations of the company, 10% of the company's profits are distributed to employees provided that they do not exceed the total annual wages for them for the last financial year before distribution and recognizes the share of employees in profits as part of the dividends in property rights and obligations

1- Fixed Assets

	Translation From Originally Issued In Arabic							
	Land	Buildings and constructions	Machinery and equipments	Vehicles	Furniture and furnishings	Tools & Supplies	Right use of assets	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost:								
Cost as at January 1, 2023	271 144 584	304 249 176	2 704 001 319	9 876 290	84 406 610	60 162 700	5 602 671	3 439 443 350
Additions during the year	0	10 515 737	485 638		19 029 698	798 580	0	30 829 653
Disposals during the year	0	0	(21 811 958)	(166 481)	0	0	0	(21 978 439)
Cost as at June 30, 2023	271 144 584	314 764 913	2682 674 999	9 709 809	103 436 308	60 961 280	5 602 671	3448 294 564
Accumulated Depreciation:								
Accumulated Depreciation as at January 1, 2023	0	238 065 818	1859 454 582	8 407 518	68 380 024	52 473 549	2 953 466	2229 734 957
Accumulated depreciation during the year	0	2 067 361	27 261 308	162 944	4 512 795	666 475	531 301	35 202 184
Accumulated depreciation adjustments	0	0	(21 811 958)	(166 481)	0	0		(21 978 439)
Accumulated Depreciation as at March 31, 2023	0	240 133 179	1864 903 932	8 403 981	72 892 819	53 140 024	3 484 767	2242 958 702
Net Book Value as at March 31, 2023	271 144 584	74 631 734	817 771 067	1 305 828	30 543 489	7 821 256	2 117 904	1205 335 862
Net Book Value as at December 31, 2022	271 144 584	66 183 358	844 546 737	1 468 772	16 026 586	7 689 151	2 649 205	1 209 708 393

Lands are divided into:

- * Lands in-kind share of 180 acres represents Egyptian Petrochemical Company share, one of the petroleum sector companies, upon the establishment of the company and it was evaluated by three legal committees at that time. All the in-kind shares was registered in the Real Estate Registry except for 70 acres space because of a legal dispute between the Egyptian Petrochemicals Company and Al-Nahda Company the land seller on the space difference difficult, not a dispute over ownership. Knowing that all the company's buildings are built on these lands, and the company has had a quiet and stable possession since 1998.
- * An area of approximately 116 acres owned by the company, other than its public benefit spaces, based on fully registered contracts, except for a 14 acre plot, other than its public common benefits area. And it was found that there was a judicial dispute over this plot between the seller and others. The company has taken all legal procedures to preserve its rights and the company has a quiet and stable possession. Part of this land is included in the real estate investment of the company.
- * During 2019 the Company purchased a land of approximately 76 acres excluded the common public benefit space, and it was transferred to the Company's ownership according to ownership contracts registered in the Real Estate Registry.
- * Production assets are fully depreciated with a retention value of one pound for assets still in operation.

2- Right of use assets	30/6/2023 EGP	31/12/2022 EGP
Cost at the beginning of the year	5 603	4 775
Additions during the year	-	828
Add: vehicles right-to-use during the year	-	0
Less: transferred to fixed assets for ended contracts during the year	0	0
Cost as at June 30	5 603	5 603
Accumulated amortization		
Accumulated amortization, beginning balance	2 954	2 309
Accumulated amortization adjustments	-	(462)
Amortization during the year	531	1 107
Less: accumulated amortization transferred to fixed assets for contracts ended during the year	0	0
Accumulated amortization as at June 30	3 485	2 954
Right of use assets (Net) as at June 30	2 118	2 649

The financial impact on applying EAS No. (49) that related to the financial lease the amount that is charged to the profit and loss for the period ending June 30,2023

Right of use assets recognized on statement of income for the period ended June 30,2023

Amortization for the year	531	1 107
Interest on financial lease	278	422
Total	809	1 529

3- Projects under construction	30/6/2023 EGP'000	31/12/2022 EGP'000
* Butagaze modification unit	7130	7130
Propylene and polypropylene project and utilities	319087	381709
Human resources management system (ERP)	15475	25462
Renewal of maintenance planning systems, software and safety	815	1639
Hazop project	499	499
Steam energy generation Project	118911	990
Polylactic acid project	1624	1624
Developments of admirative buildings	311	0
Developments of firing system	5332	
Total	469 184	419 053

* The company waived the ownership of the polypropylene production license in favor of the Red Sea National Petrochemicals Company, for amounts paid for the license and all other expenses incurred by the company, amounted to 329 million pounds, and the procedures and final agreement are being finalized, In light of postponing the implementation of the project at the present time to re-study in light of the data and changes witnessed by global markets, and until markets stabilize.

4- Property investments	30/6/2023 EGP'000	31/12/2022 EGP'000
The property investments represents the value of the allocated land as right of use, according to the contract with the Egyptian Company for Ethylene and its Derivatives in financial year 2021		
The value of lands allocated for right of use	14 922	14 922
Total	14 922	14 922

5- Long-term investment	Percentage of shares	30/6/2023 EGP'000	31/12/2022 EGP'000
Egyptian Ethylene and Derivatives Company	20%	958303	958303
Petrochemicals Logistic Services Company	20%	57840	57840
Wood Technology Company*	28%	885301	425801
Red Sea National Petrochemicals Company	5%	234378	234378
Alexandria Fiber Company	20%	57310	57310
less:			
Provision for investment risk		-57310	-57310
Total		2 135 822	1 676 322

- The Egyptian Company for Ethylene and its Derivatives increased its issued capital by 18 million US Dollars in April 2021, through credit balances for distributions, and the share of Sidi Kerir Petrochemicals Company amounted to about 3,600 million Dollars.

- Wood Technology company increased the issued capital from 65 million euros to 132 million euros, with an increase of 67 million euros and within the limits of the authorized capital. The share of Sidi Kerir Petrochemical Company in the increase amounted to 18,760 million euros, and 50% has been paid.

- Red Sea Company recalled 50% of its issued capital amounted to 600 million Dollars, during the financial year 2021, and Sidi Kerir Petrochemicals Company share amounted to about 15 million Dollars, equivalent to 234,378 million Pounds.

- The decisions of the ordinary general assemblies of Alexandria Fiber Company were issued to liquidate and to appoint a judicial liquidator for the company, who assumed his responsibilities and is currently conducting the liquidation procedures for the company. The liquidation period has been extended until April 2023

6-	Inventories		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	Chemicals and packaging materials and auxiliary materials		155 972	127 706
	Spare parts inventory		483 301	428 919
	Fuel Stocks		5 444	1 928
	Raw materials & equipment inventory		49 583	42 917
	Available for sale inventory		264 261	17 884
	Finished goods inventory		562 262	257 457
	Total		1 520 823	876 811
	less:			
	Impairment in inventory		0	0
	Balance		1 520 823	876 811
* It is represented in the equipment that has been sold and leased back financially and is recorded at cost on the date of sale according to EAS No. (49) has been applied, considering the amounts obtained and resulting from the sale process with the re-lease as finance lease from the finance leasing company				
8-	Work in process		<u>31/3/2023</u>	<u>31/12/2022</u>
			<u>EGP</u>	<u>EGP</u>
	Cost of expensed items of spare parts and operation supplies on maintenance job orders on		0	0
	workorder not finished at 31/12/2021			
	Total		0	0
7-	Trade and notes receivable		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	Polyethylene trade receivables		317 073	299 295
	Ethan trade receivables		51 493	28 397
	Ethylene trade receivables		0	700
	Total		368 566	328 392
	less:			
	Expected credit losses		(3 635)	(3 532)
	Balance		364 931	324 860
8-	Due to related parties	<u>Related party transaction</u>	<u>30/6/2023</u>	<u>31/12/2022</u>
		<u>EGP</u>	<u>EGP'000</u>	<u>EGP'000</u>
	Egyptian General Petroleum Corporation (EGPC)	Sell of Nafta and Ethylene Products	1 042 910	593 675
	The Egyptian Holding Company for Petrochemicals	Technical collaborator and product distributor	0	36 382
	The Egyptian Ethylene and Derivatives Company (ETHYDCO)	Right of use, supplies and selling services	109 890	505 352
	Styrenks Company	Technical services	67 337	67 337
	Logistical Petrochemicals Company	Under capital increase	15 990	16 000
	Egyptian Projects Operation and Maintenance (EPROM)	Temporary assistance	1 376	1 526
	The Egyptian Linear Alkyl Benzene Co. (ELAB)	Temporary assistance	24	24
	Petroleum Arrows Company	Temporary assistance	0	733
	Alamria Company		23	0
	Arab Petroleum Pipelines Company(SUMED)	Nahda Street	408	408
	Red Sea Company	Nahda Street	249 817	158 241
	WOTECH Company	Polypropylene license	0	4 034
	Building Development	Temporary assistance	737	1 053
	Total		1 488 512	1 384 765
	Less:			
	Expected credit losses		(15 990)	(7 943)
	Total		1 472 522	1 376 822
9-	Advance payments		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	UOP Company (Propylene license project)		8 797	8 797
	Grace Com		0	0
	Total		8 797	8 797
10-	Debtors and other receivables		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	Value added tax		226 287	122 795
	Accrual deposit interests		913	310
	Advanced payments for suppliers and constructors		337 421	508 354
	Employees loans		52 221	24 949
	Income tax prepayments		240 811	396 757
	Prepaid expenses		2 989	13 134
	Sales tax "Vat" from Customs Department		28 573	25 308
	Deposit with others		563	563
	Total		889 778	1 092 170
	Less:			
	Expected credit losses		(18)	(161)
	Total		889 760	1 092 009

11-	Financial investments through profit and losses		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	Investment Certificates	(1-11)	462 757	726 566
	Treasury bills	(2-11)	718 413	809 145
	Total		1 181 170	1 535 711
			<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	Treasury bills		747325	0
	Less:			
	Unrecognized revenue		(21 014)	0
	Expected financial losses		(7 898)	0
	Net Treasury bills		718 413	0
12-	Cash and cash equivalents		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	Time Deposits		377 303	196 540
	Cash at banks		114 567	86 113
	Governmental payment system		2 345	2 487
	Total		494 215	285 140
	Less:			
	Expected credit losses		(3 188)	(1 862)
	Total		491 027	283 278
1/12	Bank - current accounts		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	Current Account - EGP		63 713	53 999
	Current Account - USD		50 854	32 114
	Total		114 567	86 113
2/12	Time deposits		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	Time Deposits - USD		377 303	196 540
	Total		377 303	196 540
* Balances in foreign currencies were revalued at the balance sheet date based on the exchange rate of EGP 30.75/ Dollars				
** Deposits appearing in the financial statements include 4.5\$million held as collateral against open documentary credits				
13-	Issued and paid up capital	No.of shares	Issued and paid up capital	Shares percentage
	Egyptian holding company for petrochemicals	151 200 000	302 400 000	20%
	The insurance fund for government worker	156 884 212	313 768 424	20.75%
	The insurance fund for private and public sector workers	92 560 755	185 121 510	12.24%
	The Egyptian Petrochemical company	52 338 463	104 676 926	6.92%
	The National Investment Bank	52 338 463	104 676 926	6.92%
	El-Ahly Capital	52 338 463	104 676 926	6.92%
	Misr Insurance and life Insurance company	14 022 342	28 044 684	1.85%
	Naser bank	10 080 000	20 160 000	1.33%
	Other shareholders	174 237 302	348 474 604	23%
	Total	756 000 000	1512 000 000	100%
* The authorized capital amounted to 5100 billion Pounds and the issued and paid up capital was 1,512 billion Egyptian pounds distributed over the number of 756 million shares with a nominal value per share of 2 Egyptian pounds.				
** The general assembly meeting dated 21/3/2023 has approved to distribute an amount of LE 0.90 for each share for transactions executed up till 14/5/2023 and the amounts to be paid on two installments on 17/5/2023 with amount of LE 0.50 an on 4/10/2023 with amount of LE 0.40				
1/13	Earnings per share		<u>30/6/2023</u>	<u>31/3/2023</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	Net profit for the year according to the income statement		1 209 224	251 065
	Less:			
	Employee's profit share and the board of directors		(245 745)	(26 666)
	Net		963 479	224 399
	The weighted average for number of shares		756 000	630 000
	Earnings per share for the year		1.27	0.36
14-	Other reserves		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	Capital reserve		5 350	4 963
	Investment reserve		1 525 000	1 525 000
	Total		1 530 350	1 529 963
15-	Provisions		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	Tax Provision		171 232	102 000
	Total		171 232	102 000

1/15	Provisions		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
		Beginning balance	174 000	102 000
		Used during the period /year	(2 768)	(41 580)
		Additions	0	113 580
	Ending balance		<u>171 232</u>	<u>174 000</u>
16-	Deferred tax		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
		Beginning balance	135 182	130 950
		Deferred tax liabilities	777	4 232
		Ending balance	<u>135 959</u>	<u>135 182</u>
17-	Due to related parties		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
		Egyptian Petrochemicals Holding Company	7 482	
		Egyptian Natural Gas Company (Gasco)	815 265	556 347
		Egyptian Petrochemicals Company	271 600	138 107
		Petro jet	332	332
		ElAmria Petroleum	0	139
		Others	13	14
		Total	<u>1 094 692</u>	<u>694 939</u>
18-	Trade and notes payables		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
		Trade receivables in advance	216 775	648 758
		Deposits from others	12 647	9 495
		Accrued expenses	0	22 597
		Social contribution	16 813	0
		Dividends creditors	301 800	0
		Due to tax Authorities (non-income tax)	257 767	142 248
		Due to Employees	172 858	134 205
		Medical System	20 159	17 739
		Supplementary pension	63 196	2 422
		Debtors- Scraps	3 253	705
		Total	<u>1 065 268</u>	<u>978 169</u>
19-	loans and credit bank facilities		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>S'000</u>	<u>EGP'000</u>
		National Bank long-term installments	32 364	798 105
		National Bank CHP long-term installments	3 588	110 343
		National Bank accrued loan installments during the year	5 000	246 600
		Accrued deposit interests	604	14 786
		Total	<u>41 556</u>	<u>1 059 491</u>
			<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
1/19	Bank credit facilities		<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>S'000</u>	<u>EGP'000</u>
		Bank ABC _\$	0	154 899
		NBK _\$	6 055	219 771
		Ahli united bank _\$	10 122	352 732
		NBK _EGP	0	1
		Total	<u>16 177</u>	<u>727 403</u>
			<u>30/6/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>

- * The company signed a medium-term financing contract on October 19, 2021 with the National Bank of Egypt for a five-year period ending on January 18, 2027 for the purpose of paying the current dues, under which the company received 50 million U.S. Dollars to be paid in quarterly installments of 20 equal installments of \$2,500 million except for the last installment valued at \$2,364 million.
- ** The company has signed financial contract for 5.25 years with the National bank of Egypt on 18/3/2023 in the light of industrial pollution control program on which the company has obtained 16.700 Million USD to be paid on quarter year installments with an amount of 1.12 Million USD per installment
- *** The company provided the Bank with the guarantee that from the expiry date of the available period and allowing 6 months from the date of signing the financing, the obligation and pledge to transfer an export proceed covering 120% of the value of the quarterly obligations before the maturity date of the loan is made with the possibility of dealing with those receipts in the absence of benefits payable.
- * The Company signed credit facility contracts with commercial bank for one year renewed up to a maximum of 200 million Pounds per facility in Egyptian Pounds to pay current dues when needed.
- ** The company signed a credit facility contract with National Bank of Egypt for a period of six months renewed up to a maximum of \$30 million to pay current dues when needed.
- *** The company signed a credit facility with SAIB bank for six months with up to EGP 250 million or equivalent currencies to pay current dues when needed
- **** The company has signed a credit facility with Ahli united bank for six months with up to USD 30 Million credit facility to pay current dues when needed
- ***** The company has signed a credit facility with national bank of Kuwait for six months with up to EGP 300 million or equivalent by USD to pay current dues when needed.

1/20	Revenue	Quantity sold Ton	30/6/2023 Million EGP	30/6/2022 Million EGP
	Ethylene	21 400	634,569	385,611
	Polyethylene	104 117	4,218,120	3,138,206
	Unprocessed petroleum gas	17 379	242,898	145,118
	Butene	2 974	123,574	127,542
	Naphta	4 236	31,292	12,558
	Ethan	3 247	196,994	15,427
	CO2	16 619	4,664	2,681
	LPG Unit Returns	1 864	17,983	17,539
	Net importer for sale	31 406	1,093,141	34,458
	Total	203 242	6,563,235	3,879,140
1/20	Polyethylene	Quantity sold	30/6/2023 Million EGP	30/6/2022 Million EGP
	Local sales	12 078	2,753,824	1,498,646
	Export	41 937	1,461,198	1,638,603
	Waste production	102	3,098	957,000
	Total	54 117	4,218,120	3,138,206
2/20	Investment revenue		30/6/2023 Million EGP	30/6/2022 Million EGP
	Ethedico's right of use		7,232	6,601
	Total		7,232	6,601
3/20	Other operating revenues		30/6/2023 Million EGP	30/6/2022 Million EGP
	Revenue from scrape production		11,114	13,417
	Total		11,114	13,417
4/20	Other income		30/6/2023 Million EGP	30/6/2022 Million EGP
	Other miscellaneous revenue		1562	1027
	Compensations		0	60084
	Capitalization income		67	294
	Total		1,629	61,405
5/20	Credit interests		30/6/2023 Million EGP	30/6/2022 Million EGP
	Interest from deposits, treasury and investment documents		141,902	25,422
	Total		141,902	25,422

21	Expenditures	<u>30/6/2023</u>	<u>30/6/2022</u>
1/21	Cost of goods sold	<u>Million EGP</u>	<u>Million EGP</u>
	Salaries & wages	772,787	621,835
	Raw materials & supplies	2,739,161	2,171,428
	Service requirements	460,873	247,120
	Depreciation	29,677	29,592
	Add - finished goods beginning balance	257,457	465,829
	Less - finished goods ending balance	-562,262	-456,870
	Cost of imported product for sale	840,496	32,460
	Total	4,538,189	3,111,394
2/21	Selling and marketing expenses	<u>30/6/2023</u>	<u>30/6/2022</u>
		<u>Million EGP</u>	<u>Million EGP</u>
	Salaries & wages	26,809	22,428
	Tools and equipments	0	0
	Service equipments	45,274	31,792
	Total	72,083	54,220
3/21	General and administrative expenses	<u>30/6/2023</u>	<u>30/6/2022</u>
		<u>Million EGP</u>	<u>Million EGP</u>
	Salaries & wages	120,358	92,273
	Tools and equipments	2,070	1,123
	Service supplies	97,770	53,223
	Depreciation	5,525	4,527
	Board of directors meeting attendance allowances	33	32
	Total	225,756	151,178
4/21	Provisions	<u>30/6/2023</u>	<u>30/6/2022</u>
		<u>Million EGP</u>	<u>Million EGP</u>
	Provision for credit losses	11 658	7 807
	Total	11,658	7,807
5/21	Other expenses	<u>30/6/2023</u>	<u>30/6/2022</u>
		<u>Million EGP</u>	<u>Million EGP</u>
	Donations	2,419	3,600
	Social contribution	16,813	9,965
	Total	19,232	13,565
5/21	Finance expenses	<u>30/6/2023</u>	<u>30/6/2022</u>
		<u>Million EGP</u>	<u>Million EGP</u>
	Finance expenses	62,315	23,745
	Total	62,315	23,745
6/21	Foreign exchange losses	<u>30/6/2023</u>	<u>30/6/2022</u>
		<u>Million EGP</u>	<u>Million EGP</u>
	Foreign exchange losses	227,335	20,849
	Total	227,335	20,849

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

Fifth- Other Explanatory Notes

Tax status

- The company is subject to the provisions of the Guarantees and Investment Incentives Law No. 8 of 1997 and its Executive Regulations (which has been replaced by Law No. 72 of 2017) and Law No. 159 of 1981 promulgating the Law of Joint Stock Companies, Partnerships Limited by Shares, Limited Liability Companies, and Single Person Companies, taking into account the provisions of Law No. 95 of 1992 issuing the Capital Market Law and its Executive Regulations. The company also follows the system of advance payments in accordance with Law 91 of 2005 and its amendments, noting that the company was exempt from corporate income tax until 2010 in accordance with the provisions of the Guarantees and Investment Incentives Law No. 8 of 1997 and its Executive Regulations.

Corporate income tax

- The yearly income tax return is submitted in legal dates.
- Tax due paid upon submitting the income tax return.
- The period from beginning till 2014 was examined and objected to, and differences were paid.
- The period from 2015 till 2019 were examined, results tax inspection differences and the company rejected and appealed it in internal committee discussed it and submitted the documents, the committee has not issued a report till date.
- The company was not notified of the examination for the years 2020 till 2021.

Salary tax

- The provided models are submitted on legal dates.
- The period from beginning till 2019 was examined, and inspection differences were paid
- The company has not been notified of the inspection for the years 2020 till 2022

Withholding tax

- Settlement of withholding tax and tax due paid upon submitting. The company is subject to deduct and pay the due tax in legal dates.
- The company has not received any claims from the Tax Authority to date.

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

Withholding tax debit

- The provided models are submitted on legal dates, and the company is regular in paying the amounts it deducts from the customers of the Tax Authority to date.
- The company has not received any claims from the Tax Authority to date.

Stamp tax

- The company is subject to pay tax in legal dates.
- The period from the beginning till 2014 was examined, and inspection differences were paid.
- The period from 2015 till 2018 was examined, and the results were appealed, which to shift the dispute to the internal committee.
- The company has not been notified of the inspection for the years from 2019 till 2022.

Value added tax

- The provided models are submitted on legal dates, and the company paid monthly tax.
- The period from the beginning till 2017 was examined, and inspection differences were paid.
- The company has been notified of the inspection the period from 2018 till 2021, and documents are being prepared for examination.

Real estate tax

- The company submitted income tax return in legal dates, and the company paid yearly tax
- The company's headquarters was inspected and the rental value on which the tax on built real estate is calculated and the beginning of the application was determined from the first of July 2013, and the five-year estimate was re-estimated and the rental value was paid until 2022

Quality certificates

- The company is keen to follow up and apply the latest systems in the transition to a clean and safe environment and to achieve the highest levels of safety and security. The company has obtained the following certificates:
- ISO (9001: 2015).
- Occupational Safety and Health Certificate (45001: 2018).
- Environmental Protection Certificate (14001: 2015).
- Energy Systems Management Certificate (50001: 2018)
- All of the company's products are certified for Food Approval Certificate.
- Non-Organoleptic Compound certificate.
- International accreditation certificate for laboratories certificate (17025: 2017).
- The company obtained a letter of compliance with ISO 26000 system in the field of social responsibility.

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”

Notes to the Financial Statements (Continued)

For the Financial Period Ended June 30, 2023

Environmental and Social responsibility

- The company has maintained the slogan of a clean and safe environment since its inception by continuously controlling environmental manifestations in order to preserve natural resources and prevent or reduce environmental risks by working in line with the following laws, legislation and instructions:
- Egyptian Environmental Law No. 4 of 1994 and Environmental Law No. 9 of 2009.
- Industrial Exchange Law No. 48 of 1982.
- Minister of Petroleum Decision No. 673 of 1999 regarding the list of hazardous substances and waste within the petroleum sector.
- The company's occupational safety, health and environmental protection management system.
- Obtaining the environmental approval from the Environmental Affairs Agency for the Environmental Impact Assessment Study of Type (B) for the project of establish a sewage treatment plant in the company's administrative buildings.
- Maintaining the cleanliness of the environment, air measurement, and the safe disposal of hazardous and solid waste in the company by regularly delivering it to the hazardous waste landfill in Alexandria while improving the performance of the units, which reduced the quantities of waste generated, as well as the commitment to contracting with specialized companies to transport hazardous waste to the landfill.
- The Company's Borad of directors approved the report of the fair value study of the shares of Sidpec and ITHDCO, which was prepared by the independent financial advisor (Beker Tilly financial consulting company) for the purpose of Sidpec's acquisition of the shares of ITHDCO using the share exchange mechanism. Also, the board initially approved the exchange tool and to increase the issued and paid-up capital of the company according to the following
 - o Increasing the company's capital by maximum number of 876,905,118 shares, and allocating those shares to the shareholders of ETHYDCO, who responded to the exchange with no rights in subscriptions to the old shareholders of Sidepec.
 - o The board of directors agreed to adapt the disclosure from in accordance with Article No 48 and to authorize Mr. Engineers- chairman of the board of directors and managing director to make amendments that the financial supervisory authority deems appropriate to the disclosure form and to proceed with the procedures of calling the extra ordinary general assembly to approve the increase of the company's capital and amend the text of the two articles(6,7)and authorizing the board of directors to amend the article of associations of the company according to the shares subject to exchange.