



شركة سيدى كيرير للبترول وكيمويات

Sidi Kerir Petrochemicals Co.

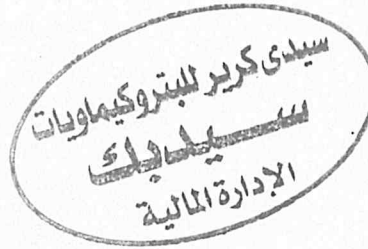
Date : 5/11/2023

Attention: The Egyptian Exchange
greeting,

Please find attached the audited financial statements for the period of January – September 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 period as at 30, September 2023

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 September 30, 2023, and the related statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the nine 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 September 30,2023 and its financial performance and cash flow for the nine 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) The deal to acquire shares of ETHYDCO Company by Sidpec has been postponed, till the procedures for studying one of the investors acquired a share in the capital of ETHIDCO through a partial exiting of some of the company's shareholders according to the Board of Directors meeting held on September 3, 2013
- 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 319 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: 6/11/2023

Ahmed Sultan & Co.
Eura Audit International

Auditor
Ahmed Sultan
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 September 30, 2023

	Notes	Translation From Originally Issued in Arabic	
		30/9/2023	31/12/2022
		EGP	EGP
Assets			
Non-current assets			
Fixed assets (Net)	1	1179 418 613	1207 059 218
Right of use assets	2	1 894 450	2 649 206
Projects under constructions	3	470 613 282	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		3802 669 600	3320 004 214
Current assets			
Inventories (Net)	6	1120 374 572	876 810 918
Trade and notes receivable (Net)	7	367 063 179	324 860 506
Due from related parties	8	1638 595 378	1376 822 398
Advance Payments	9	8 796 804	8 796 804
Debtors and other receivables	10	958 259 438	1092 009 228
Current investments fair value	11	1881 846 709	1535 711 185
Cash and cash equivalents	12	541 157 484	283 277 831
Total current assets		6516 093 564	5498 288 870
Total assets		10318 763 164	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		1814 299 623	1238 078 090
Total equity		5651 759 095	4607 863 392
Non-current liabilities			
Loans	19	1105 886 511	798 105 145
Finance lease liabilities		1 545 184	1 727 215
Long term provision	15	171 231 500	174 000 000
Deferred tax liabilities	16	135 892 115	135 181 839
Total non-current liabilities		1414 555 310	1109 014 199
Current liabilities			
Loans	19	95 126 030	261 386 300
Short term credit facilities	19	479 027 378	727 402 965
Finance lease liabilities		671 205	1 211 978
Trade payables		100 414 215	50 216 979
Due to related parties	17	811 827 529	694 938 700
Other credit balances	18	1227 032 612	978 169 408
Income tax		538 349 790	388 089 163
Total current liabilities		3252 448 759	3101 415 493
Total equity and liabilities		10318 763 164	8818 293 084

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

Auditor's Report attached

Financial Control General Manager

ACC/ Mohamed Fathy

Deputy Chairman for financial And economic
affair's

ACC/Mohamed Adly

Chairman and CEO

ENG/ Mohamed Ibrahim

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

Statement of Income

For the Financial Period Ended September, 30 2023

Translation From Originally Issued in Arabic

	<u>Notes</u>	<u>From 1/1/2023</u>	<u>From 1/7/2023</u>	<u>From 1/1/2022</u>	<u>From 1/7/2022</u>
		<u>To 30/9/2023</u>	<u>To 30/9/2023</u>	<u>To 30/9/2022</u>	<u>To 30/9/2022</u>
		<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Revenues (Net)	(1-20)	9732 358 429	3169 123 036	5802 155 316	1923 015 021
<u>Less:</u>					
Cost of revenues	(1-21)	(6892 245 252)	(2354 056 699)	(4578 854 056)	(1467 459 911)
Gross Profit		2840 113 177	815 066 337	1223 301 260	455 555 110
<u>Less:</u>					
Marketing expenses	(2-21)	(86 254 708)	(14 171 583)	(74 810 243)	(20 590 232)
General and administrative expenses	(3-21)	(299 909 529)	(74 153 114)	(203 517 841)	(52 338 833)
Provisions	(4-21)	(17 487 344)	(5 829 115)	(7 806 809)	0
Other expenses	(5-21)	(28 892 412)	(9 660 705)	(19 491 206)	(5 926 240)
Interest and financing expenses	(6-21)	(97 280 172)	(34 965 464)	(40 105 951)	(16 360 639)
Foreign currency exchange losses	(7-21)	(222 815 700)	4 519 369	(54 417 995)	(33 568 515)
		(752 639 865)	(134 260 612)	(400 150 045)	(128 784 459)
<u>Add:</u>					
Investment income	(2-20)	11 154 746	3 922 446	10 088 607	3 487 250
Other operating income	(3-20)	16 566 479	5 452 009	17 948 919	4 531 742
Other income	(4-20)	5 130 996	3 501 815	62 982 878	1 577 375
Credit interests	(5-20)	233 034 155	91 132 193	46 306 343	20 884 051
Operating income		265 886 376	104 008 463	137 326 747	30 480 418
Net profit for the period before tax		2353 359 688	784 814 188	960 477 962	357 251 069
Income tax		(538 349 790)	(179 805 613)	(213 220 353)	(79 335 872)
Deferred tax		(710 275)	66 559	(2 809 215)	(1 026 707)
Net profit for the period after tax		1814 299 623	605 075 134	744 448 394	276 888 490
Earning Per Share		1.99	0.64	0.97	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 September, 30 2023

Translation From Originally Issued in Arabic

	<u>From 1/1/2023</u>	<u>From 1/1/2022</u>
	<u>To 30/9/2023</u>	<u>To 30/9/2022</u>
	<u>EGP Thousands</u>	<u>EGP Thousands</u>
Net profit for the period	1 814 300	744 448
<u>Add:</u>		
Foreign exchange differences		(103 083)
Total Comprehensive Income for the Year	<u>1 814 300</u>	<u>641 365</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 September, 30 2023

Translation From Originally Issued in Arabic

	<u>Notes</u>	<u>30/09/2023</u>	<u>30/09/2022</u>
		<u>EGP</u>	<u>EGP</u>
Cash flows from operating activities			
Net profit before tax and extraordinary items		2 353 359 688	960 477 962
Adjustments to reconcile net profit to cash flow from operating activities			
Operating activities			
Fixed assets depreciation		54 775 721	51 539 675
Provisions		14 718 844	7 806 809
Credit interests		(233 034 155)	(46 306 343)
Investment income		(11 154 746)	(10 088 607)
Gain/loss on sale of fixed assets		(66 933)	(387 346)
Debit interests		97 280 172	40 105 951
Foreign currency losses		222 815 700	54 417 995
Operating profit before changes in working capital		2 498 694 291	1 057 566 096
Changes in trade, notes receivables and other receivables		(213 694 002)	(877 462 093)
Changes in inventories		(243 563 654)	(313 775 924)
Changes in trade and notes payable		117 955 495	814 181 911
Cash flow from operating activities before extraordinary items		2 159 392 130	680 509 990
Proceeds from credit interests		233 344 488	45 245 031
Payments for debit interests		(93 815 442)	(34 041 212)
Payments of income tax		(266 419 536)	(71 522 604)
Net cash (used in) operating activities		2 032 501 640	620 191 205
Cash flows from investing activities			
Purchases of fixed assets		(126 825 027)	(8 782 755)
		-	387 346
Current investments		(349 622 970)	(491 944 415)
Non-current investments		(459 500 001)	(91 862 561)
Net cash (used in) investing activities		(935 947 998)	(592 202 385)
Cash flows from financing activities			
Dividends payable		(509 569 074)	(59 743 631)
Loans		(105 649 361)	(93 759 915)
Finance lease liabilities		(722 804)	40 235
Bank credit facilities		(385 617 304)	214 243 810
Cash flows (used in) financing activities		(1 001 558 543)	60 780 499
Net cash flow from all activities		94 995 099	88 769 320
Foreign exchange differences		164 874 045	43 587 645
Impact on foreign exchange (Comprehensive income)		-	121 312 044
Expected credit losses for cash and equivalents		(1 989 491)	(6 083 800)
Net increase (decrease) in cash and cash equivalents during the year		257 879 653	247 585 209
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		541 157 484	627 207 183

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

For the Financial Period Ended September 30 2023

	Capital	Legal Reserve	Other Reserve	Capital Increase Reserve	Retained Earnings	Net Profit For The Year	Foreign Exchange Differences	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Balance as at December 31, 2021	1 260 000	525 000	1 379 837		81 421	535 162		3 781 420
Treatment of foreign exchange difference for comprehensive income	0	0			0		(346 596)	(346 596)
EAS No (49) amendments impact					(5 757)			(5 757)
EAS No (5) amendments impact					462			462

6

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 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 September 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 October 29, 2023.

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 30, 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.

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.

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 30, 2023

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 September 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

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 30, 2023

of 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.

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 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.

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 30, 2023

Otherwise, right of use assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

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 policies 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.

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 30, 2023

Inventories

- 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 September 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

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 30, 2023

would have been calculated after deducting depreciation or amortization if the impairment loss had not been recognised.

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:

- 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

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 30, 2023

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.

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 30, 2023

Legal reserve

- 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 September 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.

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 30, 2023

Trade and other payables

- 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
- .

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 30, 2023

Investment income

- 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.

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 30, 2023

Finance costs

- 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 obligation

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	5 209 512	485 638		19 783 951	901 289	0	26 380 390
Disposals during the year	0	0	(21 811 958)	(166 481)	0	0	0	(21 978 439)
Cost as at September 30, 2023	271 144 584	309 458 688	2 682 674 999	9 709 809	104 190 561	61 063 989	5 602 671	3 443 845 301
Accumulated Depreciation:								
Accumulated Depreciation as at January 1, 2023	0	238 065 818	1 859 454 582	8 407 518	68 380 024	52 473 549	2 953 466	2 229 734 957
Accumulated depreciation during the year	0	2 571 478	43 312 205	245 766	6 883 048	1 008 467	754 756	54 775 720
Accumulated depreciation adjustments	0	0	(21 811 958)	(166 481)	0	0		(21 978 439)
Accumulated Depreciation as at September 30, 2023	0	240 637 296	1 880 954 829	8 486 803	75 263 072	53 482 016	3 708 222	2 262 532 238
Net Book Value as at September 30, 2023	271 144 584	68 821 392	801 720 170	1 223 006	28 927 489	7 581 973	1 894 449	1 181 313 063
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		<u>30/09/2023</u>	<u>31/12/2022</u>
		<u>EGP</u>	<u>EGP</u>
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 September 30		<u>5 603</u>	<u>5 603</u>
<u>Accumulated amortization</u>			
Accumulated amortization, beginning balance		2 954	2 309
Accumulated amortization adjustments		-	(462)
Amortization during the year		755	1 107
Less: accumulated amortization transferred to fixed assets for contracts ended during the year		0	0
Accumulated amortization as at September 30		<u>3 709</u>	<u>2 954</u>
Right of use assets (Net) as at September 30		<u>1 894</u>	<u>2 649</u>

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 September 30,2023

Amortization for the year	755	1 107
Interest on financial lease	395	422
Total	<u>1 150</u>	<u>1 529</u>

3- Projects under construction		<u>30/9/2023</u>	<u>31/12/2022</u>
		<u>EGP'000</u>	<u>EGP'000</u>
* Butagaze modification unit		7130	7130
Propylene and polypropylene project and utilities		319087	381709
Human resources management system (ERP)		15 255	25462
Renewal of maintenance planning systems, software and safety		815	1639
Hazop project		630	499
Steam energy generation Project		119 035	990
Polylactic acid project		1624	1624
Developments of admirative buildings		641	0
Developments of firing system		6 397	
Total		<u>470 614</u>	<u>419 053</u>

* 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		<u>30/9/2023</u>	<u>31/12/2022</u>
		<u>EGP'000</u>	<u>EGP'000</u>
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		<u>14 922</u>	<u>14 922</u>

5- Long-term investment		<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>Percentage of shares</u>	<u>EGP'000</u>	<u>EGP'000</u>
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		<u>2 135 822</u>	<u>1 676 322</u>

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 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 December 2023

6-	Inventories		<u>30/9/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	Chemicals and packaging materials and auxiliary materials		188 229	127 706
	Spare parts inventory		546 208	428 919
	Fuel Stocks		5 443	1 928
	Raw materials & equipment inventory		81 871	42 917
	Available for sale inventory		75 491	17 884
	Finished goods inventory		223 132	257 457
	Total		<u>1 120 374</u>	<u>876 811</u>
	less:			
	Impairment in inventory		0	0
	Balance		<u>1 120 374</u>	<u>876 811</u>
* 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				
7-	Trade and notes receivable		<u>30/9/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	Polyethylene trade receivables		360 726	299 295
	Ethan trade receivables		10 024	28 397
	Ethylene trade receivables		0	700
	Total		<u>370 750</u>	<u>328 392</u>
	less:			
	Expected credit losses		(3 687)	(3 532)
	Balance		<u>367 063</u>	<u>324 860</u>
8-	Due to related parties	<u>Related party transaction</u>	<u>30/9/2023</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	1 155 520	593 675
	The Egyptian Holding Company for Petrochemicals	Technical collaborator and product distributor	9 540	36 382
	The Egyptian Ethylene and Derivatives Company (ETHYDCO)	Right of use, supplies and selling services	112 452	505 352
	Styrenks Company	Technical services	67 336	67 337
	Logistical Petrochemicals Company	Under capital increase	16 000	16 000
	Egyptian Projects Operation and Maintenance (EPROM)	Temporary assistance	1 376	1 526
	The Egyptian Linear Alkyl Benzene Co. (ELAB)	Temporary assistance	23	24
	Petroleum Arrows Company	Temporary assistance	0	733
	Alamria Company		185	0
	Arab Petroleum Pipelines Company(SUMED)	Nahda Street	408	408
	Red Sea Company	Nahda Street	295 135	158 241
	WOTECH Company	Polypropylene license	0	4 034
	Building Development	Temporary assistance	635	1 053
	Total		<u>1 658 610</u>	<u>1 384 765</u>
	Less:			
	Expected credit losses		(20 014)	(7 943)
	Total		<u>1 638 596</u>	<u>1 376 822</u>
9-	Advance payments		<u>30/9/2023</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		<u>8 797</u>	<u>8 797</u>
10-	Debtors and other receivables		<u>30/9/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	Value added tax		152 547	122 795
	Accrual deposit interests		0	310
	Advanced payments for suppliers and constructors		389 679	508 354
	Employees loans		111 677	24 949
	Income tax prepayments		275 088	396 757
	Prepaid expenses		3 566	13 134
	Sales tax "Vat" from Customs Department		25 085	25 308
	Deposit with others		563	563
	Total		<u>958 205</u>	<u>1 092 170</u>
	Less:			
	Expected credit losses		54	(161)
	Total		<u>958 259</u>	<u>1 092 009</u>
11-	Financial investments through profit and losses		<u>30/9/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
	Investment Certificates	(1-11)	836 365	726 566
	Treasury bills	(2-11)	1 045 482	809 145
	Total		<u>1 881 847</u>	<u>1 535 711</u>

		30/9/2023 EGP'000	31/12/2022 EGP'000
Treasury bills		1091500	0
Less			
Unrecognized revenue		(36 958)	0
Expected financial losses		(9 060)	0
Net Treasury bills		1 045 482	0
12- Cash and cash equivalents		30/9/2023 EGP'000	31/12/2022 EGP'000
Time Deposits		423 428	196 540
Cash at banks		102 752	86 113
Governmental payment system		18 829	2 487
Total		545 009	285 140
Less:			
Expected credit losses		(3 851)	(1 862)
Total		541 158	283 278
1/12 Bank - current accounts		30/9/2023 EGP'000	31/12/2022 EGP'000
Current Account - EGP		90 798	53 999
Current Account - USD		11 954	32 114
Total		102 752	86 113
2/12 Time deposits		30/9/2023 EGP'000	31/12/2022 EGP'000
Time Deposits - USD		423 428	196 540
Total		423 428	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 4.55million 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 L.E 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 L.E 0.50 an on 4/10/2023 with amount of L.E 0.40			
1/13 Earnings per share		30/9/2023 EGP'000	30/9/2022 EGP'000
Net profit for the year according to the income statement		1 814 300	744 448
Less:			
Employee's profit share and the board of directors		(313 280)	(130 621)
Net		1 501 020	613 827
The weighted average for number of shares		756 000	630 000
Earnings per share for the year		1.99	0.97
14- Other reserves		30/9/2023 EGP'000	31/12/2022 EGP'000
Capital reserve		5 350	4 963
Investment reserve		1 525 000	1 525 000
Total		1 530 350	1 529 963
15- Provisions		30/9/2023 EGP'000	31/12/2022 EGP'000
Tax Provision		171 232	102 000
Total		171 232	102 000

1/15	Provisions		<u>30/9/2023</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)
		Ending balance	<u>171 232</u>	<u>174 000</u>
16-	Deferred tax		<u>30/9/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
		Beginning balance	135 182	130 950
		Deferred tax liabilities	710	4 232
		Ending balance	<u>135 892</u>	<u>135 182</u>
17-	Due to related parties		<u>30/9/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
		Egyptian Natural Gas Company (Giasco)	477 466	556 347
		Egyptian Petrochemicals Company	334 024	138 107
		Petro jet	332	332
		ElAmria Petroleum	0	139
		Others	6	14
		Total	<u>811 828</u>	<u>694 939</u>
18-	Trade and notes payables		<u>30/9/2023</u>	<u>31/12/2022</u>
			<u>EGP'000</u>	<u>EGP'000</u>
		Trade receivables in advance	499 195	648 758
		Deposits from others	14 161	9 495
		Accrued expenses	0	22 597
		Social contribution	24 996	0
		Dividends creditors	301 800	0
		Due to tax Authorities (non-income tax)	206 579	142 248
		Due to Employees	152 978	134 205
		Medical System	21 211	17 739
		Supplementary pension	1 767	2 422
		Debtors- Scraps	4 346	705
		Total	<u>1 227 033</u>	<u>978 169</u>
19-	loans and credit bank facilities		<u>30/9/2023</u>	<u>31/12/2022</u>
		loans	<u>\$'000</u>	<u>EGP'000</u>
		National Bank long-term installments	32 364	798 105
		National Bank CHP long-term installments	3 599	0
		National Bank accrued loan installments during the year	2 500	246 600
		Accrued deposit interests	594	14 786
		Total	<u>39 057</u>	<u>1 059 491</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 installmentss 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.

1/19	Bank credit facilities		<u>30/9/2023</u>	<u>30/9/2023</u>	<u>31/12/2022</u>
			<u>\$'000</u>	<u>EGP'000</u>	<u>EGP'000</u>
		Bank ABC _\$	0	0	154 899
		NBK _\$	4 666	143 465	219 771
		Ahli united bank _\$	8 490	261 075	352 732
		NBK _EGP	0	74 488	1
		Total	<u>13 156</u>	<u>479 028</u>	<u>727 403</u>

* 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	30/9/2023	30/9/2022
			Million EGP	Million EGP
	Ethylene	29 503	853.215	589.834
	Polyethylene	161 061	6409.502	4696.359
	Unprocessed petroleum gas	25 746	364.110	227.604
	Butene	4 039	163.426	174.402
	Naphta	5 493	40.632	18.931
	Ethan	3 391	205.787	26.840
	CO2	23 263	6.653	4.850
	LPG Unit Returns	3 081	30.483	28.397
	Net importer for sale	42 524	1658.550	34.938
	Total		9732.358	5802.155
1/20	Polyethylene	Quantity sold	30/9/2023	30/9/2022
			Million EGP	Million EGP
	Local sales	91 485	4134.023	2611.261
	Export	69 435	2271.398	2078.756
	Waste production	141	4.081	6.342
	Total	161 061	6409.502	4696.359
2/20	Investment revenue		30/9/2023	30/9/2022
			Million EGP	Million EGP
	Ethedico's right of use		11.155	10.089
	Total		11.155	10.089
3/20	Other operating revenues		30/9/2023	30/9/2022
			Million EGP	Million EGP
	Revenue from scrape production		16.566	17.949
	Total		16.566	17.949
4/20	Other income		30/9/2023	30/9/2022
			Million EGP	Million EGP
	Other miscellaneous revenue		5.037	2.512
	Compensations		0.027	60.084
	Capitalization income		0.067	0.387
	Total		5.131	62.983
5/20	Credit interests		30/9/2023	30/9/2022
			Million EGP	Million EGP
	Interest from deposits, treasury and investment documents		233.034	46.306
	Total		233.034	46.306

		<u>30/9/2023</u>	<u>30/9/2022</u>
		<u>Million EGP</u>	<u>Million EGP</u>
21	Expenditures		
1/21	Cost of goods sold		
	Salaries & wages	1005.167	783.090
	Raw materials & supplies	3908.732	3301.338
	Service requirements	616.689	352.296
	Depreciation	46.913	44.758
	Add - finished goods beginning balance	257.457	465.829
	Less - finished goods ending balance	-223.132	-401.364
	Cost of imported product for sale	1280.419	32.907
	Total	6892.245	4578.854
2/21	Selling and marketing expenses		
	Salaries & wages	34.616	28.024
	Tools and equipments	0.000	0.004
	Service equipments	51.639	46.783
	Total	86.255	74.811
3/21	General and administrative expenses		
	Salaries & wages	157.528	112.766
	Tools and equipments	2.698	2.069
	Service supplies	131.774	81.861
	Depreciation	7.863	6.782
	Board of directors meeting attendance allowances	0.047	0.041
	Total	299.910	203.519
4/21	Provisions		
	Provision for credit losses	17.487	7.807
	Total	17.487	7.807
5/21	Other expenses		
	Donations	3.897	4.463
	Social contribution	24.995	14.848
	Total	28.892	19.311
5/21	Finance expenses		
	Finance expenses	97.280	40.106
	Total	97.280	40.106
6/21	Foreign exchange losses		
	Foreign exchange losses	222.816	54.418
	Total	222.816	54.418

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 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 September 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.

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 30, 2023

- 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.

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.
- **Explanatory Notes**
- The Company's Board of directors approved the report of the fair value study of the shares of Sidpec and ETHDCO, which was prepared by the independent financial advisor (Beker Tilly financial consulting company) for the purpose of Sidpec's acquisition of the shares of ETHDCO 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 form 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

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

Notes to the Financial Statements (Continued)

For the Financial Period Ended September 30, 2023

directors to amend the article of associations of the company according to the shares subject to exchange.

- On 10/29/2023, the company’s Board of Directors approved the draft shareholders’ agreement for ETHYDCO, which is to be signed with Alpha Arox Limited, which acquires 30% of ETHYDCO’s shares after obtaining the necessary legal approvals, fulfilling the preconditions, and authorizing the Chairman of the Board of Directors and the Chief Executive officer In signing it