



شركة سيدى كرير للبتروكيماويات
Sidi Kerir Petrochemicals Co.

Date : 13/8/2024

Attention: The Egyptian Exchange
greeting,

Please find attached the audited financial statements for the period of January – June 2024 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 limited review’s Report

For the Financial Period Ended June 30, 2024

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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 30,2024, 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 30,2024 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- 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,
- 2- The feasibility study of propylene project has not been re-examined amounted to EGP 282 million note No (3) in the light of emergencies updates.
- 3- The company's long -term investments have not been evaluated in accordance with the requirements of Egyptian Accounting Standard No. (47)

Date: August 14, 2024

Ahmed Sultan & Co.
Eura Audit International

Auditor
Ahmed Sultan
Ahmed Sultan
Member of Egyptian Taxation Society
Ahmed Sultan & Co.
Member of Eura Audit International

Auditor's report

On the corporate governance report

To / Sidi Kerir Petrochemical Company (S.A.E)

To / The Financial Supervisory Authority

Introduction:-

We tested the report on the extent of compliance with the rules of governance prepared by the management of Sidi Kerir Petrochemical Company (S.A.E) for the financial year ending on June 30, 2024.

Management responsibility

The company's management is responsible for preparing and presenting the report on the extent of compliance with the rules of governance in accordance with the instructions issued by the Financial Supervisory Authority and the Egyptian Guide to Corporate Governance issued by the Egyptian Directors' Center and the relevant laws and decisions as shown in the report on the extent of compliance with the rules of governance. It is also the responsibility of the management It extends to identifying points of non-compliances and its justification.

Auditor responsibility

Our responsibility is limited to testing the information contained in the report on the extent of compliance with the rules of governance and expressing a conclusion in light of the tests that were performed. We have tested the report on the extent of compliance with the rules of governance in accordance with the Egyptian Standard for Assurance Engagements No. (3000) "Assurance tasks other than reviewing or examining historical financial information." This standard requires compliance with the requirements of professional conduct, including independence requirements, and planning and performing the assurance process to obtain assurance that the report on the extent of compliance with the rules of governance is free of any significant and material misstatements. Testing the report on the extent of compliance with the rules of governance includes obtaining primarily evidence from the reality. Observation and inquiries from the persons responsible for preparing a report on the extent of compliance with governance rules and reviewing documents When it is appropriate, we believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. This report has been prepared for submission to the Financial Regulatory Authority based on the assignment of the company's management, and not for any other purpose. Therefore, it is only suitable for use for the purpose for which it was prepared.

Conclusion:

The report on the extent of compliance with the rules of governance referred to above expresses fairly and clearly in all its important aspects the extent of the company's compliance with the rules of governance during the financial year ending on June 30, 2024, based on the instructions issued by the Financial Supervisory Authority and the Egyptian Guide to Corporate Governance issued by the Egyptian Center of Directors and their Relevant laws and decisions.

Dated: August 14, 2024

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 June 30, 2024****Translation from Originally Issued in Arabic**

	Note No.	30/06/2024 EGP	31/12/2023 EGP
Non-current assets			
Fixed assets (Net)	1	1181 628 161	1179 630 842
Right of use assets	2	1 230 150	1 670 995
Projects under constructions	3	638 699 585	501 959 792
Real estate investments	4	13 396 214	13 396 214
Non-current investments	5	2503 796 276	2213 838 269
Total non-current assets		4338 750 386	3910 496 112
Current Assets			
Inventories (Net)	6	1891 694 760	1336 341 362
Trade and notes receivable	7	373 927 902	304 632 624
Due from related parties	8	1292 958 299	1442 058 240
Advance payments	9	29 501 185	43 334 343
Debtors and other receivables	10	641 595 581	766 728 161
Current investments	11	1008 961 307	2311 383 283
Cash and cash equivalents	12	3035 599 732	684 977 841
Total Current Assets		8274 238 766	6889 455 854
Total Assets		12612 989 152	10799 951 966
Equity			
Issued and paid-up capital	13	1512 000 000	1512 000 000
Avoid under capital increase		302 400 000	-
Legal reserve		756 000 000	630 000 000
Other reserves	14	2230 417 256	1530 350 323
Foreign currency translation (losses)		(444 296 765)	-
Retained earnings		245 365 853	118 998 662
Net profits for the period		1225 517 040	2458 697 146
Total equity		5827 403 384	6250 046 131
Non Current Liabilities			
Loans	19	1338 415 697	828 943 571
Finance lease liabilities		1 030 340	1 030 340
Long term provision	15	246 000 000	246 000 000
Deferred tax liabilities	16	197 859 775	196 382 183
Total Non Current Liabilities		1783 305 812	1272 356 094
Current Liabilities			
Loans		262 793 894	325 075 562
Bank credit facilities	19	1190 632 467	671 229 857
Finance lease liabilities	19	546 701	988 620
Trade payables		158 543 442	96 064 753
Due to related parties	17	1124 679 679	656 059 360
Other payables	18	1987 445 826	792 618 755
Income tax		277 637 947	735 512 834
Total Current Liabilities		5002 279 956	3277 549 741
Total equity and liabilities		12612 989 152	10799 951 966

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

Auditor's Report attached

Accountant/ Mohamed Fathy Amer

Accountant / Mohamed Adly Elbarhary

Engineer / Mohamed Ibrahim

General Director of Financial Control

Assistant of the company's president for financial and economic affairs

Chairman of the Board and Managing Director

Ahmed Sultan & Co.
Eura Audit International

Sidi Kerir Petrochemicals (Sidpec) "S.A.E"
Statement of Financial Position
As at June 30, 2024

Translation from Originally Issued in Arabic

	Note	Financial period from 1/1/2024 to 30/6/2024	Financial period from 1/4/2024 to 30/6/2024	Financial period from 1/1/2023 to 30/6/2023	Financial period from 1/4/2023 to 30/6/2023
	No.	EGP	EGP	EGP	EGP
Sales from company's operations	(20-1)	6 095 729 671	2 749 068 871	5 470 094 041	2 444 608 606
Sales of commercial units		578 889 585	459 649 292	1 093 141 352	503 711 634
Net sales	(20-1)	6674 619 256	3208 718 163	6563 235 393	2948 320 239
Less:					
Cost of sales from company's operations	(21-1)	4770187611	2150443925	3697692112	1555686574
Cost of sales of commercial units		437525888	365477994	840496441	404619834
Net cost of sales	(21-1)	5207 713 499	2515 921 919	4538 188 553	1960 306 408
Gross Profit		1466 905 757	692 796 244	2025 046 840	988 013 831
Less:					
Marketing expenses	(21-2)	76 331 123	24 192 544	72 083 126	33 815 110
General and administrative expenses	(21-3)	290 832 513	99 699 174	225 756 415	107 898 868
Provisions	(21-4)	44 574 565	21 114 268	11 658 229	5 001 078
Other expenses	(21-5)	18 219 733	8 708 637	19 231 707	8 641 452
Finance expenses and interest	(21-6)	107 648 182	64 694 871	62 314 708	30 941 984
Foreign currency losses	(21-7)	21 602 665	23 739 421	227 335 069	(5 337 000)
Total		559 208 781	242 148 915	618 379 254	180 961 492
Add:					
Investment income	(20-2)	352 549 267	240 962 133	7 232 300	3 580 536
Other operating income	(20-3)	18 105 032	6 934 658	11 114 472	5 557 513
Other income	(20-4)	3 269 554	1 466 343	1 629 178	896 418
Credit interests	(20-5)	223 011 750	101 410 123	141 901 962	80 141 173
Operating income		596 935 603	350 773 257	161 877 912	90 175 640
Net profit before tax		1504 632 579	801 420 586	1568 545 498	897 227 979
Income tax		277 637 947	134 794 129	358 544 177	207 029 349
Deferred tax		1 477 592	582 829	776 835	1 298 838
Net Profit After Taxes		1225 517 040	666 043 628	1209 224 486	688 899 792
Earnings Per Share		1.45	0.79	1.27	0.66

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

Ahmed Sultan & Co.
Eura Audit International

Sidi Kerir Petrochemicals (Sidpec) "S.A.E"
Statement of Comprehensive Income
As at June 30, 2024

Translation from Originally Issued in Arabic

	<u>Financial period</u>	<u>Financial period</u>
	<u>from 1/1/2024</u>	<u>from 1/1/2023</u>
	<u>to 30/6/2024</u>	<u>to 30/6/2023</u>
	<u>EGP000</u>	<u>EGP000</u>
Net (losses) profit for the year	1 225 517	1 209 224
<u>Add:</u>		
Other comprehensive income		
Foreign currency translation (losses)	(444 297)	
Total Comprehensive Income for the period	<u>781 220</u>	<u>1 209 224</u>

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 Year Ended June 30, 2024

Translation from Originally Issued in Arabic

	Capital	Legal reserve	Other reserves	Avoid under capital increase	Retained Earnings	Net Profit for The period	Foreign exchange losses	Total
	EGP000	EGP000	EGP000	EGP000	EGP000	EGP000	EGP000	EGP000
Balance as at January 1, 2023	1 260 000	578 504	1 529 963	252 000	95 915	1 238 078	(346 596)	4 607 864
Foreign exchange losses (comprehensive income)	-	-	-	-	(346 596)	-	346 596	-
Bonus shares for 2021 dividends	252 000	-	-	(252 000)	-	-	-	-
Applying EAS no. (5)	-	-	-	-	(4 546)	-	-	(4 546)
Transferred to legal reserves	-	51 496	-	-	-	(51 496)	-	-
Transferred to other reserves	-	-	387	-	-	(387)	-	-
Transferred to retained earnings	-	-	-	-	374 226	(374 226)	-	-
Dividends for the year	-	-	-	-	-	(811 969)	-	(811 969)
Net profit for the year	-	-	-	-	-	2 458 697	-	2 458 697
Balance as at December 31, 2023	1 512 000	630 000	1 530 350	-	118 999	2 458 697	-	6 250 046
Foreign exchange losses (comprehensive income)	-	-	-	-	-	-	(444 297)	(444 297)
Transferred to legal reserves	-	126 000	-	-	-	(126 000)	-	-
Transferred to other reserves	-	-	700 067	-	-	(700 067)	-	-
Transferred to retained earnings	-	-	-	-	126 267	(126 267)	-	-
Dividends for year 2023	-	-	-	-	-	(1 203 863)	-	(1 203 863)
Bonus shares	-	-	-	302 400	-	(302 400)	-	-
Net profit for the Period	-	-	-	-	-	1 225 517	-	1 225 517
Balance as at June 30, 2024	1 512 000	756 000	2 230 417	302 400	245 266	1 225 617	(444 297)	5 827 403

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 Year Ended June 30, 2024

Translation From Originally Issued in Arabi

	<u>Note</u>	<u>30/06/2024</u>	<u>30/06/2023</u>
	<u>No.</u>	<u>EGP</u>	<u>EGP</u>
Cash flows from operating activities			
Net profit before tax and extraordinary items		1 504 632 579	1 568 545 499
Adjustments to reconcile net profit to cash flow From operating activities			
Fixed assets depreciation		29 848 373	35 202 184
Provisions		44 574 565	8 889 729
Credit interests		(223 011 750)	(141 901 963)
Investment income		(352 549 267)	(7 232 300)
Profit or losses due to assets disposal		-	(66 933)
Debit interests		107 648 182	62 314 708
Foreign currency (losses)/ gain		21 602 665	227 335 069
Operating profit before changes in working capital		1 132 745 346	1 753 085 993
Changes in trade, notes receivables and other receivables		705 349 793	(10 271 646)
Changes in inventories		(555 353 398)	(644 012 893)
Changes in trade and notes payable		163 574 964	238 345 183
Cash flow from operating activities before extraordinary items		1 446 316 705	1 337 146 637
Proceeds from credit interests		217 385 184	141 299 774
Payments for debit interests		(102 329 851)	(58 537 055)
Payments of income tax		(121 452 672)	(232 142 568)
Net cash (used in) operating activities		1 439 919 366	1 187 766 788
Cash flows from investing activities			
Payments for purchase of fixed assets		(168 144 640)	(129 844 667)
Current investments		1 302 421 976	352 215 080
Non-current investments		(289 958 007)	(459 500 001)
Net cash (used in) investing activities		844 319 329	(237 129 588)
Cash flows from financing activities			
Dividends payable		(258 863 021)	(509 569 074)
Loans		(70 398 589)	(29 113 436)
Finance lease liabilities		(441 919)	(540 773)
Current bank credit facilities		118 153 882	(367 213 354)
Cash flows (used in) financing activities		(211 549 648)	(906 436 637)
Cash flows from all activities		2 072 689 048	44 200 563
Foreign exchange differences		25 568 891	164 874 046
Foreign exchange differences (Comprehensive Income)		266 070 532	-
Expected credit losses for cash and equivalents		(13 706 580)	(1 326 328)
Net increase (decrease) in cash and cash equivalents during the period		2 350 621 891	207 748 281
Cash and cash equivalents at the beginning of the year		684 977 841	283 277 831
Cash and Cash Equivalents at the End of the prriod		3 035 599 732	491 026 112

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

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. (9 5) of 1992.
- **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.
- 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

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”
Notes to the Financial Statements
For the Financial Period Ended June 30, 2024

- 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 July 24, 2024.

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)
- According to the decree of Prime Minister no. (1711) for year 2024, provisionally approved the recognition of debit currency differences arising from foreign currency liabilities at the exchange rate date at the end of 6 March 2024 or at the closing date within the cost of these assets
- Also , permitted to recognize exchange differences resulting from the translation of monetary assets and liabilities into foreign transactions on March 6, 2024 or at the closing date within the items of comprehensive income.
- Financial obligations that have been designated as a hedging instrument to cover the risk of net investment in a foreign activity as long as the hedging is effective.
- Hedging instruments used in cash flow risk are translated as long as the hedge is effective.
- 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.

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.

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, all differences from gain and loss from retranslation are recognized in the statement of income.
- 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 OCI 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 bringing the asset to a working condition for their intended use, the costs 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 asse for its intended

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”
Notes to the Financial Statements
For the Financial Period Ended June 30, 2024

Translation from Originally Issued in Arabic

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.

Borrowing costs

- Borrowing costs include interest on bank overdrafts and borrowings, finance charges on finance lease and exchange differences on foreign currency borrowings where they are regarded as an adjustment to interest cost are recognised in profit or loss. Capitalisation should commence when borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, are added to the cost of those assets, and depreciated over the useful life.
- Capitalisation should commence when expenditures are being incurred, borrowing costs are being incurred 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.

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, 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.

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

- The carrying values of investments in associates and joint ventures are reviewed on a regular basis and if impairment in the value has occurred, it is written off in the period in which those circumstances are identified.

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”
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- Long-term investments are recognized at cost on acquiring date, and the carrying amount is increased or decreased to recognize the investor’s share of the profit or loss of the investee after the date of acquisition and the investor’s share of the investee’s profit or loss is recognised in the investor’s profit or loss.
- Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long-term investment, the carrying amount is reduced to recognise the decline. Indicators of the value of an investment are obtained by reference to its market value, the investee’s assets and results and the expected cash flows from the investment. The type and extent of the investor’s stake in the investee are also taken into account. Restrictions on distributions by the investee or on disposal by the investor may affect the value attributed to the investment

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. 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.

Trade receivables, and other receivables

- Trade, notes receivables, and other receivables which does not include interests are recognized at nominal value net of any impairment losses. 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

- 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.

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

Impairment of financial assets

- The company reviews financial assets, excepts 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 encountered significant increase in credit risk and credit loss over 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 their difference between the net book value of the assets and the expected future cash flow from this asset.

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

- Low risk financial instruments are 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 exposures within acceptable parameters while optimizing the return.
- The Company incurs financial liabilities, in order to manage market risks. All 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, not exceeding one year.

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. The balance of Bank overdraft that is part of the company's credit facilities is included in the current liabilities in the balance sheet.

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

- 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

- 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.
- Deferred 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 financial 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

- 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. Creditors are recognized as current liabilities if these liabilities need to be paid within a year or less (or if the ordinary operation process lasts longer) otherwise it recognized as non-current liabilities.
- Trade payables are recognized initially at fair value and subsequently measured at amortized cost using effective interest rate.

Revenue recognition

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 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 asset is deemed to have been transferred when (or with) the customer obtains control of that asset by issuing the invoice, When there is an agreement between the parties to a contract in writing or verbally or in accordance with normal commercial practices and that the parties to the contract undertake to perform their obligations, and the rights of each party and terms of payment can be determined, and it is likely that the monetary consideration will be collected in relation to the goods and services to be transferred, and the contract has commercial content.
- When a contract with a customer does not meet the previous criteria, revenue is recognized when the company has no remaining obligations to transfer goods or services to the customer and all, or nearly all of the consideration promised by the customer has been received, and the contract has been terminated and the consideration received from the customer is not refundable.
- Revenue is measured by determining the transaction price, which represents the consideration to which the entity expects to be entitled in exchange for transferring promised goods and services to a customer, excluding amounts collected on behalf of third parties (for example value added tax), and may include the promised consideration in a contract with a customer fixed amounts or variable amounts or both.

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.

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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 subscriptions for employees' 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

- 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 when the General Assembly approves the company's shareholders and does not register any commitments to the share of the two worlds in undiversified profits.

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For the Financial Period Ended June 31, 2024

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1 Fixed Assets

	Land	Buildings and constructions	Machinery and equipment - Leased to others	Vehicles	Furniture and furnishings	Tools & Supplies	Right use of assets	Total
Cost:								
Cost as at January 1, 2023	272669885	307444834	2684091067	10879809	106095344	61196749	4432671	3446810359
Additions during the period	-	1036135	9784368	4645805	15510619	647525	0	31624452
Disposals during the period	-	-	-	-	219605	-	-	219605
Cost as at June 30, 2024	272669885	308480969	2693875435	15525614	121386358	61844274	4432671	3478215206
Accumulated Depreciation as at January 1, 2024								
Accumulated depreciation during the year	-	1391637	21193825	435037	77562618	53826203	2761677	2265508521
Accumulated Depreciation as at June 30, 2024	-	240725635	1903478225	10174662	83256025	54519825	3202522	2295356894
Net Book Value as at June 30, 2024	272669885	67755334	790397210	5350952	38130333	7324449	1230149	1182 858 312
Net Book Value as at December 31, 2023	272669885	68110836	801806667	1140184	28532726	7370546	1670994	1181301838

* Lands in-kind share of 180 acres represents Egyptian Petrochemical Company share, one of the petroleum sectors companies, upon the establishment of the company and it was evaluated by three legal committees at that time. All the in-kind shares were 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 deficit, 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.

2- Right of use assets	<u>30/6/2024</u>	<u>31/12/2023</u>
	<u>EGP000</u>	<u>EGP000</u>
Vehicles		
Cost at the beginning of the period	4433	5603
Proceeds during the period	0	-1170
Cost as at june 30, 2024	<u>4 433</u>	<u>4 433</u>
<u>Accumulated amortization</u>		
Accumulated amortization, beginning balance	2762	2954
Accumulated amortization adjustments	0	-1078
Add: amortization during the period	440	886
Accumulated amortization as at june 30	<u>3202</u>	<u>2762</u>
Right of use assets (Net)	<u>1 231</u>	<u>1 671</u>
The financial impact of applying EAS related to finance lease no. (49) and the amount is charged to the profit and loss statements for the financial period ended 30/6/2024		
Right of use assets recognized on statements of income for the period ending june, 30, 2024		
Amortization for the period	440	886
Interest of financial lease	202	449
Total	<u>642</u>	<u>1 335</u>
3- Projects under construction	<u>30/6/2024</u>	<u>31/12/2023</u>
	<u>EGP000</u>	<u>EGP000</u>
Butagaze modification unit	-	7 086
Propylene project and utilities	281 553	281 553
Resources management system (ERP)	5 752	13 054
Steam energy generation Project	296 380	159 213
Polylactic acid project	-	1 624
Development of administrative buildings	9 295	679
Developing the cybersecurity system	30 096	23 940
Water project for Alex land	2 131	2 131
Gas reduction and metering station	11 770	10 989
Argon gas extinguishing panel	1 722	1 722
Developing fire systems	-	8 679
Total	<u>638 699</u>	<u>510 670</u>
** Impairment of assets	<u>-</u>	<u>(8 711)</u>
Net	<u>638 699</u>	<u>501 959</u>
4- Property investments		
The property investments represent 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		
	<u>30/6/2024</u>	<u>31/12/2023</u>
	<u>EGP000</u>	<u>EGP000</u>
* The value of lands allocated for right of use	13 396	13 396
Total	<u>13 396</u>	<u>13 396</u>

	<u>Percentage of shares</u>	<u>30/6/2024</u> <u>EGP000</u>	<u>31/12/2023</u> <u>EGP000</u>
5- Long-term investment			
Egyptian Ethylene and Derivatives Company	20%	958 303	958 303
Petrochemicals Logistic Services Company	20%	43 607	73 840
Wood Technology Company*	28%	1 166 421	885 300
Red Sea National Petrochemicals Company	5%	234 378	234 378
Alexandria Fiber Company	20%	57 310	57 310
The Egyptian company for organic ethanol	7.50%	101 088	92 250
less:			
Allowance for expected credit losses		-	(30 233)
Provision for investment risk		(57 310)	(57 310)
Total		2 503 796	2 213 838
* Wood Technology Company increased its issued capital from 65 Million Euro to 132 million Euro by amount of 67 million Euro within the authorized capital , and the share of Sidi Kerir Petrochemicals Company amounted to about 18,760 million Euro has been totally paid through 2023.			
* 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 contribution of the company in the paid up capital of the Egyptian company for Ethylene is 7.5% amounting to 3 million dollars It is one of the green projects that supports sustainability to reduce carbon emissions, and it has been paid in full			
* The decisions of the Ordinary General Assembly of the Iskanria Fiber Company were issued and a judicial liquidator was appointed for the company, who assumed his responsibilities. The Ordinary General Assembly of the company was invited to convene on 12-28-2023 and issued its decision to authorize the liquidator, Mr. Abdullah Muhammad Al-Adly, or whomever he delegates, to terminate the company's contract and erase the record. Commercial and termination of liquidation			
		<u>30/6/2024</u> <u>EGP000</u>	<u>31/12/2023</u> <u>EGP000</u>
6- Inventories			
Chemicals and packaging materials		222 188	242 497
Spare parts inventory		677 296	602 932
Auxiliary materials		5 534	5 587
Raw materials & equipment inventory		81 806	103 505
Available for sale inventory		638 704	92 717
Finished goods inventory		266 167	289 103
Total		1 891 695	1 336 341
		<u>30/6/2024</u> <u>EGP000</u>	<u>31/12/2023</u> <u>EGP000</u>
7- Trade and notes receivable			
Polyethylene trade receivables		377 972	294 976
Ethan trade receivables		-	13 313
Total		377 972	308 289
Minus			
Expected credit loss		(4 044)	(3 656)
Total		373 928	304 633

8- Due from related parties		<u>30/6/2024</u>	<u>31/12/2023</u>
	Type of transaction	<u>EGP000</u>	<u>EGP000</u>
Egyptian General Petroleum Corporation (EGPC)	Selling naphtha ethylene products	478 850	877 788
The Egyptian Holding Company for Petrochemicals	Technical assistance and product distribution	120 078	97 113
The Egyptian Ethylene and Derivatives Company (ETHYDCO)	Usufruct, supply and sale of raw materials	111 732	59 904
Styrenks Company	Technical services	121 830	81 695
Ebram company	Borrow	1 376	1 376
The Egyptian Linear Alkyl Benzene Co. (ELAB)	Borrow	88	88
Amerya company		185	185
Arab Petroleum Pipelines Company (SUMED)	Nahda road	408	408
The Egyptian company for fertilizers		-	368
The Egyptian company for organic ethanol		546	108
Alameen for silicon products		-	13
Red Sea Company	Polypropylene License	521 227	356 177
Building Development		539	527
Total		<u>1 356 859</u>	<u>1 475 750</u>
Less:			
Expected credit losses		(63 901)	(33 692)
Total		<u>1 292 958</u>	<u>1 442 058</u>
9- Advance payments		<u>30/6/2024</u>	<u>31/12/2023</u>
		<u>EGP000</u>	<u>EGP000</u>
UOP Company		8 797	8 797
Medjinco International Trade		-	11 348
Paralloy limited		14 773	14 773
The Egyptian company for advanced systems		-	222
Technical Office for Engineering consultations		-	70
Future house		3 879	5 918
ABB Industrial system		2 052	2 206
Total		<u>29 501</u>	<u>43 334</u>

10 Debtors and other receivables		<u>30/6/2024</u>	<u>31/12/2023</u>
		<u>EGP000</u>	<u>EGP000</u>
Value added tax		146 996	106 549
Accrual deposit interests		6 952	1 326
Advanced payments for suppliers and constructors		90 449	223 307
Employees loans		123 579	100 676
Income tax prepayments		256 986	315 945
Prepaid expenses		431	4 522
Sales tax "Vat" from Customs Department		15 933	13 863
Deposit with others		563	563
Total		<u>641 889</u>	<u>766 751</u>
Less:			
Expected credit losses		(293)	(23)
Total		<u>641 596</u>	<u>766 728</u>
11- Current investments		<u>30/6/2024</u>	<u>31/12/2023</u>
		<u>EGP000</u>	<u>EGP000</u>
Investment Certificates	11/1	330 216	1 827 987
Treasury bills	11/2	678 745	483 396
Total		<u>1 008 961</u>	<u>2 311 383</u>
11/1- Financial investments through profit and losses		<u>30/6/2024</u>	<u>31/12/2023</u>
		<u>EGP000</u>	<u>EGP000</u>
Investment Certificates		230 216	1 827 987
Total		<u>230 216</u>	<u>1 827 987</u>
11/2- Treasury bills at amortized cost		<u>30/6/2024</u>	<u>31/12/2023</u>
		<u>EGP000</u>	<u>EGP000</u>
Treasury bills		698 350	494 000
Less			
Unrealized gain		(19 605)	(10 604)
Total		<u>678 745</u>	<u>483 396</u>

12- Cash and cash equivalents		30/6/2024	31/12/2023
		EGP000	EGP000
Time Deposits	12/2	2 213 709	409 590
Cash at banks	12/1	835 156	189 391
Governmental payment system		3 319	88 874
Total		3 052 184	687 855
Less:			
Expected credit losses		(16 584)	(2 878)
Total		3 035 600	684 977
12/1 Bank - current accounts		30/6/2024	31/12/2023
		EGP000	EGP000
Current Account – EGP		747509	162164
Current Account – USD		87647	27227
Total		835 156	189 391
12/2 Time Deposits		30/6/2024	31/12/2023
		EGP000	EGP000
Time Deposits-EGP		556000	
Time Deposits-USD		1657709	409590
Total		2 213 709	409 590

Balances in foreign currencies were revalued at the balance sheet date based on the exchange rate of EGP 47.98 / Dollars

Deposits appearing in the financial statements include 4.5 \$million held as collateral against open documentary credits

13 Issued and paid-up capital	Issued and paid-up c		Shares
	No. of shares	Percentage	
Egyptian holding company for petrochemicals	302400000	302400000	20%
The insurance fund for government worker	313768424	313768424	20.75%
The insurance fund for private and public sector workers	185121510	185121510	12.24%
The Egyptian Petrochemical company	10676926	104676926	6.92%
The National Investment Bank	10676926	104676926	6.92%
El-Ahly Capital	10676926	104676926	6.92%
Misr Insurance company	28044684	28044684	1.85%
Naser bank	20160000	20160000	1.32%
Other shareholders	348474604	348474604	23.00%
Total	1 512 000 000	1 230 000 000	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 10/3/2024 has approved to distribute an amount of 1.25 EGP for each share for transactions executed up till 14/5/2023 and the amount to be paid on two installments on 29/5/2024 with amount of LE 0.75 and on 25/9/2024 with amount of LE 0.50

The general assembly meeting dated 10/3/2023 has approved to distribute Bonus shares amounted 151200 million share with nominal value 2 EGP per share 1 share for each 5 shares an extraordinary general assembly is under preparation

Earnings per share:	<u>30/6/2024</u>	<u>30/6/2023</u>
	<u>EGP000</u>	<u>EGP000</u>
* Net profit according to the income statement	1225517	1209224
**		
Less:		
Legal reserve , Employee's profit share and the board of directors	(129 965)	(244 965)
13/1 Net	<u>1096465</u>	<u>964259</u>
The weighted average for number of shares	<u>756 000</u>	<u>756 000</u>
Earnings per share	<u>1.45</u>	<u>1.27</u>
14- Other reserves	<u>30/6/2024</u>	<u>31/12/2023</u>
	<u>EGP000</u>	<u>EGP000</u>
Capital reserve	5417	5350
Investment reserve	1525000	1525000
Regular reserve	700000	0
Total	<u>2 230 417</u>	<u>1 530 350</u>
15- Provisions	<u>30/6/2024</u>	<u>31/12/2023</u>
	<u>EGP000</u>	<u>EGP000</u>
Potential claims provision	246000	246000
Total	<u>246 000</u>	<u>246 000</u>
15/1 Provisions	<u>30/6/2024</u>	<u>31/12/2023</u>
	<u>EGP000</u>	<u>EGP000</u>
Beginning balance	246000	174000
Used during the year	-	(2 768)
Additions	0	74768
Ending balance	<u>246 000</u>	<u>246 000</u>
16- Deferred tax	<u>30/6/2024</u>	<u>31/12/2023</u>
	<u>EGP000</u>	<u>EGP000</u>
Beginning balance	196382	135182
Deferred tax for the year	1478	61200
Ending balance	<u>197 860</u>	<u>196 382</u>

17- Due to related parties	<u>30/6/2024</u>	<u>31/12/2023</u>
	<u>EGP000</u>	<u>EGP000</u>
Egyptian Natural Gas Company (Gasco)	Raw material supply 963004	612348
Egyptian Petrochemicals Holding Co	Electricity and water supply 161335	42773
Petro jet company	Nahda road 332	332
Alexandria for petrol	0	117
Aboear company for petrol	0	478
Others	8	11
Total	<u>1 124 679</u>	<u>656 059</u>
18- Trade and notes payables	<u>30/6/2024</u>	<u>31/12/2023</u>
	<u>EGP000</u>	<u>EGP000</u>
Trade receivables in advance	800676	159484
Deposits from others	17634	14756
Accrued expenses	172238	383383
Social contribution for medical insurance	17317	33943
Social insurance	3432	0
Dividend creditors	378000	600
Due to tax Authorities	407956	176808
Medical System	24818	22255
Supplementary pension	164041	20
Debtors- Scraps	1333	1370
Total	<u>1 987 445</u>	<u>792 619</u>

19- Loans and bank credit facilities	<u>30/6/2024</u>	<u>30/6/2024</u>	<u>31/12/2023</u>
Loans	<u>USE000</u>	<u>EGP000</u>	<u>EGP000</u>
National Bank long-term installments	22734	1073042	687704
National Bank long-term installments) CHP)	5622	265374	141239
National Bank accrued loan installments during the year	5083	239900	307500
Accrued deposit interests	485	22894	17576
Total	<u>33 924</u>	<u>1 601 210</u>	<u>1 154 019</u>

-The Company signed credit facility contracts in 19/10/2021 with National bank of Egypt in for five years ending 18/1/2027 for paying the current payables and the company received 50 million USD that will be payed on quarter bases 20 equally installments of 2.500 million USD except the last installment amounted 2.364 Million USD

The company has signed financial contract for 5.25 years with the National bank of Egypt to be ended 19/6/2028 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.

Bank credit facilities	<u>30/6/2024</u>	<u>30/6/2024</u>	<u>31/12/2023</u>
	<u>USD000</u>	<u>EGP000</u>	<u>EGP000</u>
The Arab bank USD	0	0	154899
NBK USD	5655	271334	219771
Ahli united bank USD	8653	415115	352732
Export Development Bank USD	438	20974	0
NBK EGP	0	61191	1
Export Development Bank EGP	0	422018	0
Total	<u>14 746</u>	<u>1 190 632</u>	<u>727 403</u>

-The Company signed credit facility contracts with National bank of Egypt for 5 renewed up to a maximum of 5 million USD or equivalent in Egyptian Pounds to pay current dues when needed.

-The company signed a credit facility contract with SAIB for a period of six months renewed up to a maximum of \$5million or equivalent to pay current dues when needed.

-The company has signed credit facilities with AlAhli united bank for six months with up to USD 30 million to pay current dues when needed

-The company has signed credit facility with national bank of Kuwait for six month with up to EGP 300 million or equivalent by USD to pay current dues when needed

Short term credit facility with Export Development Bank amounted 900 thousand USD for to pay current dues when needed guaranteed with a million USD deposit .

Short term credit facility with Export Development Bank with maximum amount of 500 thousand EGP to pay current dues when needed guaranteed with a million EGP deposit

20- Revenue	Quantity sold	30/6/2024	30/6/2023
20/1 Sales (net)		Million EGP	Million EGP
Ethylene	17173	687 341	634569
Poly -ethylene	92754	4 809 103	4218120
Unprocessed petroleum gas	21228	410 310	242898
Biotin	2275	120 948	123574
Naphtha	3248	31 233	31292
Ethan	226	13 860	196994
CO2	2621	750	4664
LPG Unit Returns	1546	22 184	17983
Net importer for sale	9734	578 890	1093141
Total	0	6 674 619	6 563 235
Poly -ethylene	Quantity sold	30/6/2024	30/6/2023
	Tons	Million EGP	Million EGP
Local sales	45490	2661824	2753824
Export	47186	2143684	1461198
Waste production	78	3595	3098
Total	92 754	4 809 103	4 218 120
20/2 Investment revenue		30/6/2024	30/6/2023
		Million EGP	Million EGP
Right of use		7 924	7 232
Investments in Athedico company		344 625	-
Total		352 549	7 232
20/3 Other operating revenues		30/6/2024	30/6/2023
		Million EGP	Million EGP
Revenue from scrape production		18 105	11 114
Total		18 105	11 114

	<u>30/6/2024</u>	<u>30/6/2023</u>
	<u>Million EGP</u>	<u>Million EGP</u>
20/4 Other income		
Other miscellaneous revenue	3 270	1 562
Capital gain	-	0.067
Total	3 270	1 629
20/5 Credit Interest		
Interest from deposits treasury & investments documents	223 012	141 902
Total	223 012	141 902
21 Expenditures		
21/1 Cost of goods sold		
Salaries & wages	722 666	772 787
Raw materials &supplies	3 174 577	2 739 161
Service requirements	826 351	460 873
Depreciation	23 658	29 677
Add - finished goods beginning balance	289 103	257 457
Less - finished goods ending balance	(266 167)	(562 262)
Cost of imported product for sale	437 526	840 496
Total	5 207 714	4 538 189
21/2 Marketing expenses		
Salaries & wages	21 961	26 809
Tools and equipment	0,005	-
Service equipment	54 365	45 274
Total	76 331	72 083
21/3 General and administrative expenses		
Salaries & wages	121.529	120.358
Tools and equipment's	1.309	2.070
Service supplies	161.781	97.770
Depreciation	6.191	5.525
Board of directors meeting attendance allowances	0.023	0.033
Total	290.833	225.756

21/4 Provisions	<u>30/6/2024</u> <u>Million EGP</u>	<u>30/6/2023</u> <u>Million EGP</u>
Expected credit losses	44.575	11.658
Total	44.575	11.658
21/5 Other expenses	<u>30/6/2024</u> <u>Million EGP</u>	<u>30/6/2023</u> <u>Million EGP</u>
Donations	0.902	2.419
Social contribution	17.317	16.813
Total	18.220	19.232
21/6 Finance expenses	<u>30/6/2024</u> <u>Million EGP</u>	<u>30/6/2023</u> <u>Million EGP</u>
Finance expenses	107 648	62 315
Total	107 648	62 315
21/7 Foreign exchange losses	<u>30/6/2024</u> <u>Million EGP</u>	<u>30/6/2023</u> <u>Million EGP</u>
Foreign exchange losses	21 603	227 335
Total	21 603	227 335

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”
Notes to the Financial Statements (Continued)
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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 company is subject to the law no 91 for the year 2005 and its amendments with consideration of the law no 206 for year 2020 and The Unified Tax Procedures Law and its amendments

First: payroll tax

Commitment status :

- The yearly income tax return submits in legal dates and the company regularly paid the tax up till 2022

Inspection status :

- The period till 2019 was examined, and inspection differences were paid
- The company has not been notified of the inspection for the years 2020 till 2022

Second: Corporate income tax

Commitment status :

- The company submits Tax report on its date on a regular basis and the company regularly pays the taxes till 2021

Inspection status :

- Tax inspection has taken place till 2014 and all the adjustments have been paid

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- Tax inspection has taken place for the years from 2015 till 2019 resulting tax differences, and the company appealed it, the internal committee discussed it, and documents were presented, but the committee has not issued the report up to date
- The company has not been notified of inspection for the years 2020 till 2021

Third: Withholding tax

Commitment status :

- The company is subject to the advance payments system from the date of its submission in 2011 in accordance with the requirements of the law. The company is committed to pay the estimated amounts during the year. The tax is settled with the tax return at the end of the tax period, and interest is calculated on those payments in accordance with the law.

Inspection status :

- The company has not received any claims from the Tax Authority to date.

Fourth: Withholding tax debit

Commitment status :

- 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 on a quarterly basis.

Inspection status :

- The company has not received any claims from the Tax Authority to date.

Stamp tax

- The company is subject to stamp tax in according to the law no 111 for year 1980 and its amendments, with consideration of the law no 206 for year 2020 .

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Commitment status :

- The company regularly submits tax reports on its due dates and regularly pays the tax up to date

Inspection status :

- 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 company is a subject to law No.67 for year 2016 for value added tax and it's amendments taking in consideration law No. 206 for year 2020 2020 and The Unified Tax Procedures Law and its amendments

Commitment status :

- The provided models are submitted on legal dates, and the company paid monthly tax.

Inspection status :

-
- The period since operation till year 2017 was examined, and inspection differences were under settlement with tax authority.
- The company has been notified of the inspection for the years from 2018 till 2021

Real estate tax

- The company submitted income tax return in legal dates , and the company paid yearly tax till 2023
- 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 >
-

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

Notes to the Financial Statements (Continued)

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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.

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.