

السادة/ البورصة المصرية**١١ ش طلعت حرب - الإسكندرية**

تحية طيبة وبعد،،،

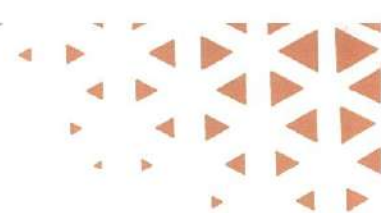
بالشارة إلى ارسالنا في ٢٠٢٥/٥/١٣ القوائم المالية المستقلة في ٢٠٢٥/٣/٣١

نتشرف بأن نرفق لسيادتكم القوائم المالية المستقلة في ٢٠٢٥/٣/٣١ باللغة الإنجليزية .

برجاء التكرم بالاستلام والتنبيه باتخاذ اللازم

وتفضلوا بقبول فائق الاحترام،،،

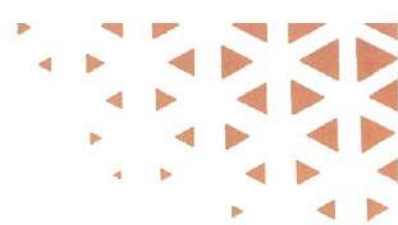
رئيس القطاع المحالى**(محاسب/ أيمن أحمد فايد)**



**Kafr El Zayat Pesticides and Chemicals “K.Z” Egyptian
Joint
"Egyptian Joint Stock Company"
Periodic unconsolidated Financial Statements
for Financial Period ending on 31 March 2025
Limited inspection report thereon**

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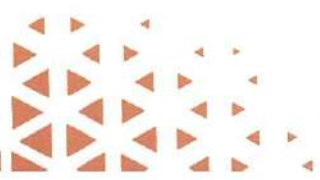


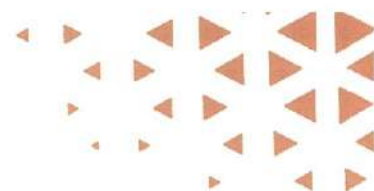


Kafr El Zayat Pesticides and Chemicals “K.Z” Egyptian Joint Stock Company
The periodic unconsolidated Financial Statement for Financial period ending on 31 March 2025

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Limited Auditing Report for the Periodic Unconsolidated Financial Statements

To Messrs/Board of Directors of Kafr El Zayat Pesticides and Chemicals “K.Z” (Egyptian Joint Stock Company)

Introduction:

We have performed a limited review of the accompanying unconsolidated statement of financial position of Kafr El Zayat Pesticides and Chemicals Company “K.Z” (an Egyptian joint stock company) as of March 31, 2025, and the unconsolidated statements of income, comprehensive income, changes in equity, and cash flows for the three-month period then ended, as well as a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with Egyptian Accounting Standards. Our responsibility is limited to expressing a conclusion on these unconsolidated interim financial statements based on our limited review.

Scope of Review

We have conducted our limited review in accordance with the Egyptian Standard on Review Engagements No. (2410) **“Review of Interim Financial Statements Performed by the unconsolidated Auditor of the Entity”* *. A limited review of interim standalone financial statements primarily consists of making inquiries of persons responsible within the Company regarding financial and accounting matters, performing analytical procedures, and carrying out other limited review procedures. A limited review is substantially narrower in scope than an audit conducted in accordance with the Egyptian Auditing Standards 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 interim standalone financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying unconsolidated interim financial statements do not present fairly, in all material respects, the unconsolidated financial position of the Company as of March 30, 2025, and its unconsolidated financial performance and unconsolidated cash flows for the three-month period then ended, in accordance with Egyptian Accounting Standards.

Cairo on: 12 May 2025:

Auditors' report
Hassan Basyouni Al Basha
Auditors Register at Financial Regulatory
Authority No. 98
BT Mohamed Hilal and Waheed Abdel Ghafar
Chartered accountants and Consultants

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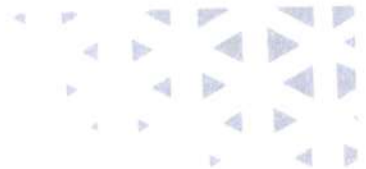
Standalone Statement of Financial Position as at March 31, 2025

(All amounts are expressed in Egyptian Pounds)

	Note No.	31 March 2025	31 December 2024
Assets			
Non-Current Assets			
Fixed asset	(14)	201 397 522	198 820 745
Projects Under Implementation	(15)	24 252 792	21 598 569
Investments in Subsidiaries	(16-a)	14 200 000	14 200 000
Investment in Free Zone Branch	(16-b)	2 601 000	2 601 000
Financial Investments at Fair Value Through Other Comprehensive Income	(17)	303 806	303 806
Total Non-Current Assets		242 755 120	237 524 120
Current Assets			
Inventory	(18)	1 192 340 313	1 182 852 990
Clients & Receivables	(20)	84 362 386	53 698 388
Debtors and Other Debit Balances	(21)	256 734 042	241 183 881
Due from Related Parties	(29)	900 359 761	645 609 527
Cash on hand and with banks	(22)	4 593 183	2 523 848
Total Current Assets		2 438 389 685	2 125 868 634
Total Assets		2 681 144 805	2 363 392 754
Equity			
Issued and Paid-up Capital	(1-28)	180 067 050	180 067 050
Reserves	(1-28)	122 729 568	99 552 756
Retained earnings		342 382 933	133 761 625
Net Profit for the Period / Year		98 466 579	231 798 120
Total Equity		743 646 130	645 179 551
Non-Current Liabilities			
Deferred revenue	(24)	10 320	10 320
Deferred Tax Liabilities	(3-19)	5 990 206	5 392 928
Total Non-Current Liabilities		6 000 526	5 403 248
Current Liabilities			
Bank Overdrafts	(23)	1 691 167 456	1 326 237 962
Provisions for Claims	(27)	64 849 987	64 849 987
Trade Payables and Notes Payable	(25)	73 958 547	150 064 377
Creditors and Other Credit Balances	(26)	20 104 362	62 764 314
Dividends Payable		4 750 157	4 750 157
Current Income Tax Liabilities	(2-19)	58 288 230	43 788 199

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Due to Related Parties	(29)	18 379 410	60 354 959
Total Current Liabilities		1 931 498 149	1 712 809 955
Total Liabilities		1 937 498 675	1 718 213 203
Total Equity and Liabilities		2 681 144 805	2 363 392 754

The accompanying notes from Note (1) to Note (35) are considered an integral part of these standalone interim financial statements and should be read in conjunction with them.

Limited Review Report – Attached

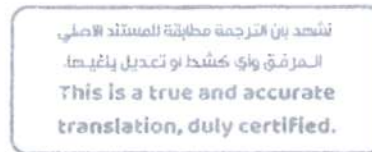
Chief Financial Officer
Accountant / Ayman Ahmed Fayed

(Signature)

Vice chairman and CEO

Eng/ Essam Elbeer ElDabaa

(Signature)



	Note No.	For the financial period ended	
		31 March 2025	31 March 2024
Activity Revenues	(4)	627 434 317	439 252 485
The cost of activity	(5)	(384 318 397)	(289 895 502)
Gross Profit		243 115 920	149 356 983
Other Operating Revenues	(6)	88 817	1 900 518
Sales and Distribution Expenses.	(7)	(9 682 924)	(9 860 849)
General and Administrative Expenses	(8)	(14 061 418)	(12 667 755)
Board of Directors' Remuneration and Attendance Allowances	(12)	(1 459 011)	(1 977 448)
Operating Profit		218 001 384	126 751 449
Finance Income	(9)	32 570	175 415
Financing expenses	(10)	(104 140 227)	(55 430 485)
Net Finance Expenses		(104 107 657)	(55 255 070)
(Losses) / Investment Income from the Special Free Zone Branch	(11)	(329 839)	63 824 331
Net profit before tax		113 563 888	135 320 710
Income Tax Expense	(1-19)	(15 097 309)	(14 766 824)
Net Profit for the Period		98 466 579	120 553 886
Basic Earnings Per Share (EGP/Share)	(30)	0.55	0.67

The accompanying notes from Note (1) to Note (35) are considered an integral part of these standalone interim financial statements and should be read in conjunction with them.

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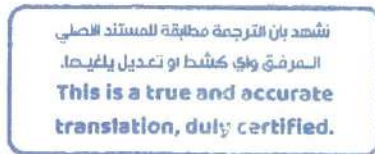
Kafr El-Zayat Pesticides and Chemicals Co "K.Z" (Egyptian Joint Stock Company)

Standalone Statement of Comprehensive Income for the Financial Period Ended March 31, 2025

(All amounts are expressed in Egyptian Pounds)

	For the financial period ended	
	31 March 2025	31 March 2024
Net Profit for the Period	98 466 579	120 553 886
Total Comprehensive Income	--	--
Total Other Comprehensive Income	98 466 579	120 553 886

The accompanying notes from Note (1) to Note (35) are considered an integral part of these standalone interim financial statements and should be read in conjunction with them.





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Kafir El-Zayat Pesticides and Chemicals Co "K.Z" (Egyptian Joint Stock Company)

Standalone Statement of Changes in Equity for the Financial Period Ended March 31, 2025

(All amounts are expressed in Egyptian Pounds)

	Issued and Paid-up Capital	Reserves	Retained Earnings	Net Profit for the Period / Year	Total
Balance as at 1 January 2024	180 067 050	83 051 226	111 288 487	165 015 297	539 422 060
Comprehensive Income Items					
Net Profit for the Financial Period Ended March 31, 2024	--	--	--	120 553 886	120 553 886
Total Comprehensive Income	--	--	--	120 553 886	120 553 886
Transactions with the Company's Shareholders					
Transferred to Retained Earnings	--	--	148 513 767	(148 513 767)	--
Dividends Distribution	--	--	(126 040 629)	--	(126 040 629)
Transferred to Reserves	--	16 501 530	--	(16 501 530)	--
Total Transactions with Shareholders	--	16 501 530	22 473 138	(165 015 297)	(126 040 629)
Balance as at 31 March 2024	180 067 050	99 552 756	133 761 625	120 553 886	533 935 317
Balance as at 1 January 2025	180 067 050	99 552 756	133 761 625	231 798 120	645 179 551
Comprehensive Income Items					

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Net Profit for the Financial Period Ended March 31, 2025

Total Comprehensive Income

Transactions with the Company's Shareholders

Transferred to Retained Earnings

Transferred to Reserves

Total Transactions with Shareholders

Balance as at 31 March 2025

--	--	--	98 466 579	98 466 579
--	--	--	98 466 579	98 466 579
--	--	208 621 308	(208 621 308)	--
--	23 176 812	--	(23 176 812)	--
--	23 176 812	208 621 308	(231 798 120)	--
180 067 050	122 729 568	342 382 933	98 466 579	743 646 130

* The standalone financial statements for the year ended 31 December 2024 and the dividend distribution decision were approved during the Ordinary General Assembly held on 26 April 2024.

The accompanying notes from Note (1) to Note (35) are considered an integral part of these standalone interim financial statements and should be read in conjunction with them.

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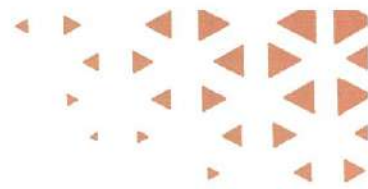
Standalone Cash Flow Statement for the Financial Period Ended March 31, 2025

(All amounts are expressed in Egyptian Pounds)

	Note No	For the financial period ended	
		31 March 2025	31 March 2024
Cash flows from operating activities			
Net profit before income tax		113 563 888	135 320 710
Adjustments to reconcile profit to net cash from operating activities			
Depreciation of fixed assets	(14)	3 004 918	2 638 271
Amortization of government grant	(24)	(18 360)	(18 360)
Interest income	(9)	(32 570)	(175 415)
Losses (Income) from Investment in the Private Free Zone Branch	(11)	329 839	(63 824 331)
Financing expenses	(10)	104 140 227	55 430 485
		220 987 942	129 371 360
Changes in:			
Inventories		(9 487 323)	5 291 847
Customers and notes receivable		(30 663 998)	38 328 130
Debtors and other debit balances		(15 550 161)	26 868 835
Due from Related Parties		(255 080 073)	(235 826 284)
Trade payables and notes payable		(76 105 830)	(21 347 269)
Due to Related Parties		(41 975 549)	(59 570 035)
Creditors and other credit balances		(42 641 592)	(18 510 870)
Dividends to employees and Board of Directors		--	(11 750 094)
Net Cash Flows Used in Operating Activities		(250 516 584)	(147 144 380)
Cash Flows from Investing Activities			
Payments for purchase of fixed assets and projects under construction		(8 235 918)	(7 514 016)
Collected interest income		32 570	175 415
Net cash used in investing activities		(8 203 348)	(7 338 601)
Cash Flows from Financing Activities			
Dividends paid to shareholders		--	(113 040 629)
Finance costs paid		(104 140 227)	(55 430 485)
Net cash used in financing activities		(104 140 227)	(168 471 114)
Cash and cash equivalents at beginning of the period		(362 860 159)	(322 954 095)
Cash and cash equivalents at beginning of the period		(1323 686 888)	(392 668 881)

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Cash and cash equivalents at end of the period

(22)

(1686 547 047)

(715 622 976)

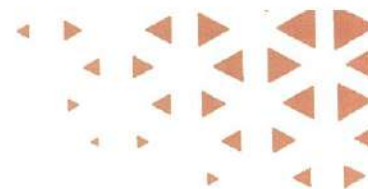
Non-cash transactions excluded from the cash flow statement include:

An amount of EGP 329,839 from both the period's profits and receivables from related parties represents the value of investment losses in the Free Zone as of March 31, 2025.

An amount of EGP 27,226 was excluded from the expected credit losses related to bank cash accounts

The accompanying notes from Note (1) to Note (35) are considered an integral part of these standalone interim financial statements and should be read in conjunction with them.





Kafr El Zayat Pesticides and Chemicals “K.Z” Egyptian Joint Stock Company
Continued – Notes supplementary to the periodic unconsolidated Financial Statement for
Financial period ending on 31 March 2025

(All amounts are in EGP, unless otherwise is stated)

1-A brief on the company and its business

1-1 Incorporation

– Kafr El Zayat Pesticides and Chemicals “K.Z” Egyptian Joint Stock Company is established and operates in Arab Republic of Egypt in accordance with Law No. 526 of 1955, the company is still subject to the consequent regulating Law for the sector, until it becomes subsidiary to the Holding Company for Chemical Industries, in accordance with the Business Law No. 203 of 1991. In light the government program to expand the properties base, the company offered the company's share for sale through the subscription, thus the company was subject to the provisions of Law No. 159 of 1981 as of November 1996.

– The company's purpose is to produce, manufacture, shape, and package pesticides, chemicals, fertilizers, and agricultural nutrients, as well as all agricultural and health-related supplies, and to trade in them. In addition, the company engages in disinfection, fumigation, and pest control activities.

– The company's purpose was amended to include the trade of all types of pesticides, chemicals, fertilizers, and agricultural nutrients, as well as import, export, commercial agency, general supplies, marketing, and distribution. This amendment was made by a resolution of the Extraordinary General Assembly on 25 October 2003, and was registered in the commercial registry on 7 December 2003.

Company's branch in Nobariya

– A branch is established in Nobariya in the plot No. 57 and 58, the First Industrial Area in Nobariya on 8 February 2007. Tax exemption was granted to the company's branch in Nobariya, in accordance with the provisions of Article No. 24 of Law No. 59 of 1979, for ten years as of 1 January 2006, Provided that the first period is from 23 October 2005 to 31 December 2005. The actual operation in the branch starts on 1 September 2007, the plot of land No. 56 was added to Nubariya Branch, and it was recorded in the commercial register on 29/2/2012.

– The financial year of the company commences on 1 January and ends on 31st of December of each year.

– Term of the company is fifty years staring from the date of registering thereof in the commercial register.

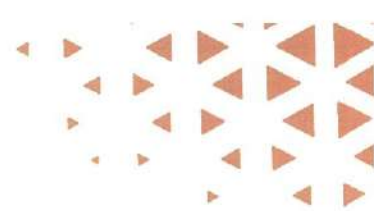
– The company's head offie is in Kafr Al Zayat, Gharbiya.

– Chairman and managing director is Eng. Essam Al Beir Al Dhabe'

– Unconsolidated Financial Statements is approved to be issued by the board of directors on 12 May 2025.

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1-2 Invested Companies

ORGANIC BIO TECHNOLOGY COMPANY (Affiliate)

– The company's Board of Directors, in its session No. (600) held on 28 February 2004, approved the establishment of Organic Biotechnology Company (ORGANIC) with a 75% capital contribution. The company was registered in the Commercial Register on 18 October 2004, under registration number 11969, and began production on 15 April 2006.

– The last quarter of Organic's issued capital, amounting to 2.5 million EGP, was called up based on the Board of Directors' meeting minutes dated 14 July 2010. This capital increase was recorded in the Commercial Register on 26 September 2010, making the company's paid-up capital 100% of its issued capital.

Kemi Commercial Company (Affiliate)

The company has participated in establishment commercial company (Limited Liability Company, with 90 % of its Capital with Organic Biotechnology Company with contribution 10 % of its capital to maximize the objectives of both companies, under the approval of the general assembly dated 16/4/2011. The company commenced its business on 17/3/2013.

Egyptos Multitrade Distribution Company (Affiliate)

The Company's board of directors agreed in the meeting No. 853, which was held on 10 November 2021 to establish Egyptos Multitrade Distribution Company, with issued and paid capital amounting 5 million EGP. The purpose of this company is to handle marketing, sales, and collection for the customers of Kafr El Zayat for Pesticides and Chemicals, while also taking over all outstanding debts for collection starting from 1 December 2021, except for distribution agents, the shareholding Percentage of Kafr El Zayat for Pesticides and chemicals is 98%, and it was recorded in the commercial register on 20 December 2021.

KAFR EL ZAYAT PESTICIDES AND CHEMICALS (Affiliate)

– The company established Kafr El Zayat International for Pesticides and Chemicals as a branch in a private free zone by virtue of the decision of the Chairman of the General Authority for Investment Decision No. 208, dated 5 February 1997. This was in accordance with the provisions of Law No. 230 of 1989, as amended by Law No. 8 of 1997, as a wholly owned project of the company. The project commenced on 21 September 1997, for purposes of the General Authority for Investment, the project was deemed as independent activity which has its own financial Statements.

– The invested capital for establishing this project has been recorded as investments at the value of the capital allocated to the project.

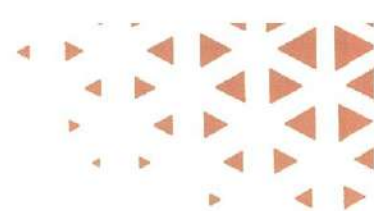
The project's financial results are recognized in the period in which they are realized and are included in the unconsolidated income statement.

– On the date of preparing the financial Statements, the company prepared consolidated Financial Statements, including the projects in which it invested, in addition to its contribution in other companies as per the above stated policies.

– The outcomes of this project are recorded among the current account of the company affecting the unconsolidated Income Statement.

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1- Basis of Preparing Unconsolidated periodic Financial Statements

2-1 Compliance with Accounting Standards and Laws

The Unconsolidated periodic Financial Statements was prepared in accordance with Egyptian Accounting Standards, in light of relevant laws and regulations

2-2 Measurement Basis

Unconsolidated Periodic Financial Statements were prepared according to historic basis, except as follows:

- Financial Assets and Liabilities which are recorded in fair value through profits and losses.
- Investment in securities for purpose of trading which are assessed in Fair Value.
- Investments available for sale, which have market value and assessed in their fair value.

2-3 Transaction and presentation currency

Unconsolidated Periodic Financial Statements are presented in the Egyptian Pound, which represents the company's transaction currency.

2-4 Usage of estimates and assumptions

- The preparation of the unconsolidated periodic financial statements in accordance with Egyptian Accounting Standards requires management to use personal judgment, estimates, and assumptions that affect the application of policies and the values presented for assets, liabilities, revenues, and expenses. These relevant estimates and assumptions are prepared according to the past experience and other various factors. The actual results may vary from these estimates.
- These estimates and assumptions are based on past experience and various other factors.
- The estimates of accounts are recognized in the year in which the estimate is revised if the revision affects only that period, or in the year of the revision and future years if the revision affects both current and future years.

Hereunder the most significant items in which these estimates or personal judgments are used:

- Deferred Tax.
- Due expenses
- Productive lives of the fixed assets
- Provisions

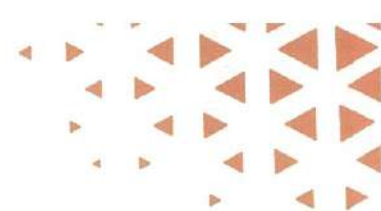
A. Measurement of Fair Value

- The fair value of financial instruments is determined based on the market value of similar financial assets or liabilities as of the financial statement date, without deducting any estimated future selling costs. The fair value of financial instruments is determined based on the market value of similar financial assets or liabilities as of the financial statement date, without deducting any estimated future selling costs.

- In the absence of an active market for determining the fair value of financial instruments, the fair value is estimated using various valuation techniques, taking into account recent transaction prices and referencing the current fair value of other substantially similar instruments. Or using the discounted cash flow method or any other valuation method that yields reliable values.

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- When the deducted cash flows method is used as a mean of assessment, the future cash flows shall be estimated based upon the best estimates of management. The deduction rate, which is used in light of the prevailing rate at market is determined on the date of the financial statements for similar financial instruments in terms of its nature and conditions

2-5 Consolidated Financial Statements

The company has affiliate companies as per the Egyptian Accounting Standard No. 42 "Consolidated and Unconsolidated Financial Statements" and Article 188 of the executive regulations of corporate Law No. 159 of 1981, the company prepares financial statement for the group which require to be referred to understand the financial position and outcomes of works and cash flows of the whole group.

3- Report of operational sector

The company have 2 operational sectors, representing sectors, the financial reports thereon shall be submitted to the top management. These reports present different products, which is separately managed as it require different technological and marketing strategies. Hereunder a statement of the operations of each sector for which reports are issued.

Sectors Report

Agricultural
Others

Operations

Agricultural products
Service Products

Sectors are determined based upon the internally applicable method to present the financial reports to the top management

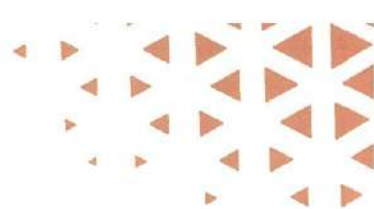
- A sector is a group of related assets and operations that exhibit risks and benefits distinct from those associated with other sectors or within a single economic environment characterized by specific risks and benefits, different from those linked to sectors operating in a different economic environment.

3-1 Revenues of Business

	for the three months ending on 31 March 2025	Percentage	for the three months ending on 31 March 2024	Percentage
	In Thousand EGP	%	In Thousand EGP	%
Agricultural	599,072	95	397,735	90
Others	28,362	5	41,517	10
	627,434	100%	439,252	100%

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3-2 Net Profits before Tax*

	for the three months ending on 31 March 2025	Percentage	for the three months ending on 31 March 2024	Percentage
	In Thousand EGP	%	In Thousand EGP	%
Agricultural	108,909	96	64,771	48
Others	4,985	4	6,726	5
Revenues (losses) of Dividends	(330)	--	63,824	47
	113,564	100%	135,321	100%

3-3 Assets*

	31 March 2025	Percentage	31 December 2024	Percentage
	In Thousand EGP	%	In Thousand EGP	%
Agricultural	2,543,836	95	2,206,763	93
Others	120,205	5	139,525	7
Uncharged investments	17,105	--	17,105	--
	2,681,145	100%	2,363,393	100%

3-4 Liabilities*

	31 March 2025	Percentage	31 December 2024	Percentage
	In Thousand EGP	%	In Thousand EGP	%
Agricultural	1,849,096	95	1,635,834	95
Others	88,430	5	82,379	5
	1,937,499	100%	1,718,213	100%

* As a percentage of total operating sectors

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3-5 Income Statement at operating sectors level

	Agricultural sector		Others		Investment Revenues		Total
	for the three months ending on		for the three months ending on		for the three months ending on		for the three months ending on
Amounts are provided in Thousand EGP	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025 31 March 2024
Revenues	599,072	397,735	28,362	41,517	--	--	627,434 439,252
Business cost	(367,497)	(262,624)	(16,821)	(27,271)	--	--	(384,318) (289,895)
Sector's total profits	231,575	135,111	11,541	14,246	--	--	243,116 149,357
Profits resulting from operation	207,577	116,437	10,424	10,315	--	--	218,001 126,752
Financing expenses (net)	(98,853)	(51,440)	(5,255)	(3,815)	--	--	(104,108) (55,255)
Dividends Revenues	--	--	--	--	(330)	63,824	(330) 63,824
Current and Deferred Taxes	(14,412)	(13,291)	(685)	(1,476)	--	--	(15,097) (14,767)
Net profits of the period	94,312	51,706	4,484	5,024	(330)	63,824	98,466 120,554

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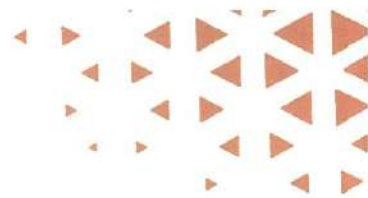
3-6 Operation Sectors at Assets and Liabilities Level

Amounts are provided in Thousand EGP	Agricultural sector		Others		Investments		Total	
	31 March 2025	31 December 2024	31 March 2025	31 December 2024	31 March 2025	31 December 2024	31 March 2025	31 December 2024
Sectors Assets	2,543,836	2,206,763	120,204	139,525	--	--	2,664,040	2,346,288
Investments	--	--	--	--	16,801	16,801	16,801	16,801
Investments in Governmental instruments	--	--	--	--	304	304	304	304
Total Assets	2,543,836	2,206,763	120,204	139,525	17,105	17,105	2,681,145	2,363,393
Sectors Liabilities	1,849,096	1,635,834	88,403	82,379	--	--	1,937,499	1,718,213
Total Liabilities	1,849,096	1,635,834	88,403	82,379	--	--	1,937,499	1,718,213
Fixed assets and under progress projects	306,551	284,053	14,575	28,844	--	--	321,126	312,897
Total Depreciation of fixed assets	91,143	83,953	4,333	8,525	--	--	95,476	92,478



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4- Revenues of Business

	for the six months ending on		for the three months ending on	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Revenues from selling goods	825,347,211	800,415,711	326,426,339	481,388,648
Revenues of Services	1,980,509	1,494,659	919,925	749,491
Revenues of goods for purpose of sale	357,959,482	191,368,671	205,953,426	30,532,225
	<u>1,185,287,202</u>	<u>993,279,041</u>	<u>533,299,690</u>	<u>512,670,364</u>
(Less):				
Revenues, returns, discounts, and gifts	(15,784,275)	(24,640,395)	(12,256,063)	(8,830,173)
Incentives of associations, agents, and advertisement expenses	<u>(31,624,314)</u>	<u>(40,272,006)</u>	<u>(10,599,331)</u>	<u>(14,726,036)</u>
Total	<u>1,137,878,613</u>	<u>928,366,640</u>	<u>510,444,296</u>	<u>489,114,155</u>

5- Business cost

	for the six months ending on		for the three months ending on	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Packaging materials	383,147,966	361,471,910	170,675,416	234,082,628
Goods to be sold sales and procurements cost	235,120,552	91,886,309	133,066,007	17,053,914
Salaries, wages, benefits, and social Insurance	16,034,830	28,152,599	8,090,414	21,516,606
Indirect expenses	63,543,004	39,220,254	32,583,698	13,039,369
Depreciation of Fixed Assets - Note No. 14	4,847,321	3,976,552	2,463,108	2,004,987
Net Changes in Complete and incomplete production inventory	<u>16,241,636</u>	<u>48,624,590</u>	<u>(12,261,731)</u>	<u>(4,260,792)</u>
Total	<u>718,935,309</u>	<u>573,332,214</u>	<u>334,616,912</u>	<u>283,436,712</u>

6- Other Operation Revenues

	for the six months ending on		for the three months ending on	
	30 June 2025	30 June 2024	30 June 2025	30 June 2024
Depreciation of grant	36,720	18,360	18,360	--
Other Revenues	<u>127,906</u>	<u>1,971,826</u>	<u>57,449</u>	<u>89,668</u>
	<u>164,626</u>	<u>1,990,186</u>	<u>75,809</u>	<u>89,668</u>

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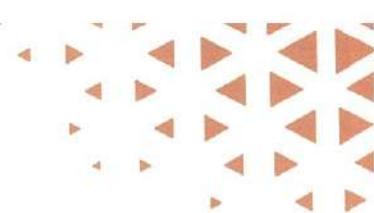
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7- Sale and dividends expenses

	for the three months ending on	
	31 March 2025	31 March 2024
Salaries, wages, benefits, and Insurance	1,814,942	1,668,243
Advertisement	82,510	4,452,221
Depreciation of Fixed Assets– Note No. 14	74,115	100,965
Transportation means	413,751	223,737
Others expenditures	7,297,606	3,415,683
Total	9,682,924	9,860,849

8- General and Administrative expenses

	for the three months ending on	
	31 March 2025	31 March 2024
Salaries, wages, benefits, and Insurance	5,277,425	4,373,290
Depreciation of Fixed Assets– Note No. 14	546,590	565,741
Others expenditures	6,668,417	6,617,133
Medical Insurance Cooperative contribution	1,568,986	1,111,591
Total	14,061,418	12,667,755

9- Financing Revenues

	for the three months ending on	
	31 March 2025	31 March 2024
Credit Interest	32,570	175,415

10- Financing expenses

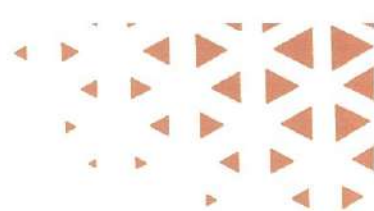
	for the three months ending on	
	31 March 2025	31 March 2024
Interest Expenses	103,553,051	38,147,706
Foreign currency balance translation differences	587,176	17,282,779
Total	104,140,227	55,430,485

11- (losses) Revenue from Investment in a Private Free Zone Branch

	for the three months ending on	
	31 March 2025	31 March 2024
Net Profits (losses) of Kafr El Zayat Pesticides and Chemicals Company (Private Free Zone)	(329,839)	63,824,331

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12-Board of Directors' Remuneration and Attendance Allowances

for the three months ending on
31 March 2025 31 March 2024

Board of Directors' Remuneration and Allowances	1,459,011	1,977,448
---	-----------	-----------

13- Expected Credit Losses

13- 1 Expected Credit Loss in the Statement of Financial Position

31 March 2025 31 December 2024

Trade notes and other receivables - Note No. 20	54,223,680	54,223,680
Trade and other receivables - Note No. 21	72,761,772	72,761,772
Cash at hand and in banks - Note No. 22	27,226	27,226
Dues from relevant parties- Note No. 29	16,838,614	16,838,614
	<u>143,851,292</u>	<u>143,851,292</u>

15- Under progress projects

31 March 2025 31 December 2024

Buildings and facilities	21,122,555	17,490,042
Machines under installation	807,250	927,818
Kits, tools, furniture, and transportation means	2,151,277	2,030,709
Advance payments for purchasing fixed assets	171,710	1,150,000
Balance	<u>24,252,792</u>	<u>21,598,569</u>

16-Investment in affiliate companies and private free zone branch

16-A. Investment in affiliate companies

	Legal Form	Shareholding Percentage	The paid percentage of shareholding value	Investment Cost	
				31 March 2025	31 December 2024
Investment in affiliate companies					
ORGANIC BIO TECHNOLOGY COMPANY	Joint Stock company	75%	100%	7,500,000	7,500,000
Egyptos Multitrade Distribution Company	Joint Stock Company	98%	100%	4,900,000	4,900,000
Kemi Commercial Company	Joint Stock Company	90%	100%	1,800,000	1,800,000

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Continued notes to the supplementary disclosures of the independent interim financial statements for the period ended Marc

(All amounts are in Egyptian Pounds unless otherwise stated)

Statement	Ground	Buildings	Machinery & Equipment	14- Fixed asset		Furniture	Vehicles & Transport	Total
				Tools & Instruments				
Cost as at 1 January 2024	76 937 534	52 518 925	92 205 576	6 471 879		11 892 037	22 850 916	262 876 867
Additions during the year	--	12 567 381	8 588 846	562 943		1 767 888	5 254 544	28 741 602
Disposals during the year	--	--	(37 808)	(78 454)		(202 606)	(930)	(319 798)
Cost as at 31 December 2024	76 937 534	65 086 306	100 756 614	6 956 368		13 457 319	28 104 530	291 298 671
Additions during the period	--	--	2 950 946	87 150		553 397	2 000 000	5 591 493
Disposals during the year	--	--	--	(16 800)		--	--	(16 800)
Cost as of December 31, 2024	76 937 534	65 086 306	103 707 560	7 026 718		14 010 716	30 104 530	296 873 364
Accumulated Depreciation as at 1 January 2024	--	8 046 839	50 540 356	2 618 108		7 479 747	12 641 486	81 326 536
Depreciation of the year	--	1 236 755	5 386 767	498 454		1 738 976	2 533 212	11 394 164
Accumulated Depreciation of Disposals	--	--	(37 808)	(1 430)		(202 606)	(930)	(242 774)
Accumulated Depreciation as at 31 December 2024	--	9 283 594	55 889 315	3 115 132		9 016 117	15 173 768	92 477 926

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Period Depreciation	--	341 313	1 473 307	128 174	305 054	757 070	3 004 918
Accumulated Depreciation of Disposals	--	--	--	(7 002)	--	--	(7 002)
Accumulated depreciation as of December 31, 2024	--	9 624 907	57 362 622	3 236 304	9 321 171	15 930 838	95 475 842
Net book value as of 31 March 2025	76 937 534	55 461 399	46 344 938	3 790 414	4 689 545	14 173 692	201 397 522
Net Book Value as at 31 December 2024	76 937 534	55 802 712	44 867 299	3 841 236	4 441 202	12 930 762	198 820 745

Depreciation Charged to the Income Statement for the Period is Allocated as Follows:

For the financial period ended			
	31 March 2025	31 March 2024	
Industrial Depreciation – Note (5)	2 384 213	1 971 565	
Selling and Distribution Depreciation – Note (7)	74 115	100 965	
General and administrative depreciation – Note (8)	546 590	565 741	
	3 004 918	2 638 271	

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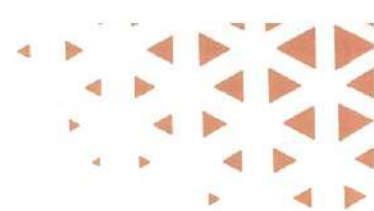
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Balance

14,200,000

14,200,000

* On 10 November 2021, The Company's board of directors agreed to establish Egyptos Multitrade Distribution Company, with issued and paid capital amounting 5 million EGP. The purpose of this company is to handle marketing, sales, and collection for the customers of Kafr El Zayat International for Pesticides and Chemicals, while also taking over all outstanding debts for collection starting from 1 December 2021, except for distribution agents, the shareholding Percentage of Kafr El Zayat for Pesticides and Chemicals is 98% on 31 December 2021,, and it was recorded in the commercial register on 20 December 2021.

16-B. Investment in a Private Free Zone Branch

	Investment Cost	
	31 March 2025	31 December 2024
Kafr El Zayat International Company for Pesticides and Chemicals (Private Free Zone) with a 100% Ownership Stake	2,601,00 0	2,601,0 00
Balance	2,601,000	2,601,000

* The investment in the private free zone branch represents a fully owned project by Kafr El Zayat Pesticides and Chemicals Company, operating under the private free zone system as "Kafr El Zayat International for Pesticides and Chemicals – KZIPAC

17-Financial investments measured at fair value through other comprehensive income.

	31 March 2025	31 December 2024
5 % of the annual profits of the company until 1980, which is invested at National Investment Bank by interest rate of 3.5 %	303,806	303,806
Balance	303,806	303,806

The company does not transact in financial investments by fair value through other comprehensive income, which are not registered in the Stock Exchange Market, except the governmental instruments deposited to National Investments Bank.

18-Inventory

	31 March 2025	31 December 2024
Materials and requirements	443,623,147	401,346,990
Fuel, oil, and spare parts	23,116,327	20,259,233
Under operation production	5,261,345	4,142,765
Complete production	180,764,571	210,386,519
Purchased goods for sale	435,098,960	469,092,941
Documentary Credits	104,475,963	77,624,542
Balance	1,192,340,313	1,182,852,990

19- Income Taxes

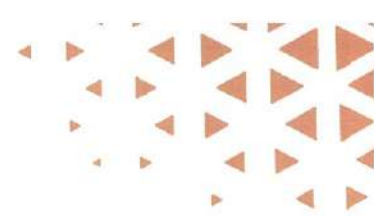
19-1 Income Tax Expenses

	for the three months ending on	
	31 March 2025	31 March 2024
Income Taxes	14,500,031	19,093,678
Deferred Taxes	597,278	(4,326,854)

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Total	15,097,309	14,766,824
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19-2 Current Income Tax Liabilities

	31 March 2025	31 December 2024
The balance at the beginning of the period/ year	43,788,199	63,188,016
Income Taxes paid within the period/ year	--	(63,188,016)
Income Taxes paid within the period/ year	14,500,031	43,788,199
The balance at the end of the period/ year	58,288,230	43,788,199

19- 3. Deferred Tax liabilities

	31 March 2025	31 December 2024
Fixed assets	5,990,206	5,392,928

The deferred Taxes liabilities movement are represented in the following:

	31 March 2025	31 December 2024
The balance at the beginning of the period/ year	5,392,928	8,544,054
Charged to income Statement within the period/ year	597,278	(3,151,126)
The balance at the end of the period/ year	5,990,206	5,392,928

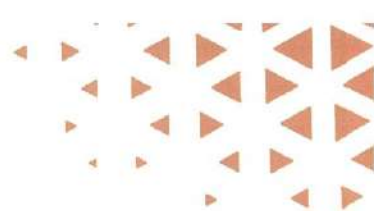
19-4 Unrecorded deferred Taxable assets

Some deferred tax assets have not been recognized due to the lack of reasonable certainty regarding their future tax recoverability.

	Notes No.	31 March 2025	31 December 2024
Expected Credit Losses in Trade receivables	(20)	54,223,680	54,223,680
Expected Credit Losses in Payables	(21)	72,761,772	72,761,772
Expected Credit Losses in Cash at hand and in banks	(22)	27,226	27,226
Expected Credit Losses in Dues fro Relevant parties	(28)	16,838,614	16,838,614
Claims provisions	(26)	64,849,987	64,849,987
		208,701,279	208,701,279

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20-Trade notes and other receivables

	31 March 2025	31 December 2024
Trade Receivables	129,651,917	70,987,293
Receivables	8,934,149	36,934,775
	<u>138,586,066</u>	<u>107,922,068</u>
(Less):		
Expected Credit Losses*	(54,223,680)	(54,223,680)
Balance	<u>84,362,386</u>	<u>53,698,388</u>

The movement on the expected Credit Losses in Trade receivables and notes receivables

	31 March 2025	31 December 2024
The balance at the beginning of the period/ year	54,223,680	58,714,965
(Refund) burdens from credit losses within the year/period	--	(4,491,285)
The balance at the end of the period/ year	<u>54,223,680</u>	<u>54,223,680</u>

21- Debtors and other receivables

	31 March 2025	31 December 2024
Suppliers of advance payments	32,019,662	18,071,938
Paid Expenses in advance	7,118,042	9,612,840
Tax Authority	124,510,519	118,695,309
Due revenues Kafr Al Zayat International Company, Free Zone	136,846,119	137,175,958
Insurances and Letters of Guarantee	12,956,181	9,699,806
Other receivables	16,045,291	20,689,802
	<u>329,495,814</u>	<u>313,945,653</u>
Less		
Expected Credit Losses - Note No. 13	(72,761,772)	(72,761,772)
Balance	<u>256,734,042</u>	<u>241,183,881</u>

22- Cash at hand and in banks

	Notes No.	31 March 2025	31 December 2024
Cash on hand		2,045,838	--
Current Account at banks		1,186,748	1,189,770
Term deposits		1,387,823	1,361,304
		<u>4,620,409</u>	<u>2,551,074</u>
Less			
Expected Credit Losses- Note No. 13	(13)	(27,226)	(27,226)
Balance		4,593,183	2,523,848
Overdraft banks	(23)	(1,691,167,456)	(1,326,237,962)
Cash and Its Equivalent		<u>(1,686,574,273)</u>	<u>(1,323,714,114)</u>

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22-1 For purposes of preparing cash flows statement, the cash and Its Equivalent are represented in the following:

		for the three months ending on	
		31 March 2025	31 March 2024
Cash and Its Equivalent		4,620,409	46,446,939
Less			
Overdraft banks	(23)	(1,691,167,456)	(762,069,915)
Balance in accordance with the unconsolidated cash flows statement		<u>(1,686,547,047)</u>	<u>(715,622,976)</u>

23- Overdraft banks

	31 March 2025	31 December 2024
Banking facilities without guarantee (Overdraft banks)	1,691,167,456	1,326,237,962
Balance	<u>1,691,167,456</u>	<u>1,326,237,962</u>

The credit facilities given for the company are represented in the following:

The granted credit limit used by banks on 31 March 2025

Bank	Permissible limit	Used	The guarantee
National Bank of Egypt	105 million	61.24 million	Without guarantee
Abu Dhabi Islamic Bank	100 million	71.46 million	Without guarantee
United National Bank	100 million	88.15 million	Without guarantee
National Bank of Kuwait	100 million	94.32 million	Without guarantee
Egyptian Arab Land Bank	150 million	109.96 million	Without guarantee
United Bank	50 million	19.9 million	Without guarantee
Baraka Bank	90 million	70.13 million	Without guarantee
Alexandria Bank	182 million	139.22 million	Without guarantee
Attijariwafa bank	90 million	11.72 million	Without guarantee
National Bank of Kuwait	100 million	53.86 million	Without guarantee
Emirates Dubai Bank	120 million	147.61 million	Without guarantee
Arab African International Bank	50 million	00.00 million	Without guarantee
Banque Misr	150 million	67.87 million	Without guarantee
Qatar National Bank	50 million	97.52 million	Without guarantee
Agricultural Bank	200 million	198.42 million	Without guarantee
MID Bank	100 million	25.70 million	Without guarantee
First Abu Dhabi Bank	175 million	49.97 million	Without guarantee
Cairo Bank	175 million	121 million	Without guarantee
NXT Commercial Bank	200 million	128.98 million	Without guarantee
Credit Agricole Bank	100 million	96.27 million	Without guarantee
Abu Dhabi Commercial Bank	100 million	38.47 million	Without guarantee

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24-Deferred Revenues

The deferred revenue item represents the value of a grant from the Environmental Affairs Agency related to the Serac filling machine. The grant has been recorded under long-term deferred revenue and will be amortized on a systematic basis in line with the depreciation of the related assets over their estimated useful life.

	Notes No.	31 March 2025	31 December 2024
Total balance of deferred Revenues - at the beginning of the period/ year		83,760	157,200
(Less):			
Grant depreciation installment		(18,360)	(73,440)
		65,400	83,760
Short term deferred Revenues	(25)	(55,080)	(73,440)
Long term deferred revenues balance		10,320	10,320

25-Trade notes and payables

	Notes No.	31 March 2025	31 December 2024
Trade payables		71,786,232	43,858,467
Payment Notes		2,172,315	106,205,910
Balance		73,958,547	150,064,377

26- Trade and other payables

	Notes No.	31 March 2025	31 December 2024
Credit Balances Clients		2,895,032	51,401,592
Tax Authority		4,201,102	1,178,797
Due expenses		84,481	4,783,256
Short term deferred Revenues	(24)	55,080	73,440
Other credit balances		12,868,667	5,327,229
Balance		20,104,362	62,764,314

27- Claims provisions

	31 March 2025	31 December 2024
The balance at the beginning of the period/ year	64,849,987	15,070,600
Accumulated within the period/ year	--	50,887,179
The used amount from provisions	--	(1,107,792)
The balance at the end of the period/ year	64,849,987	64,849,987

The provision represents the value of claims for obligations of uncertain timing or amount related to the company's activities. Management reviews these provisions periodically and adjusts the provision amount based on the latest developments, discussions, and agreements with the relevant

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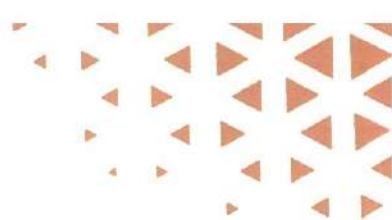
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parties. The usual disclosure of information regarding provisions has not been made, as the company's management believes that doing so could significantly impact the outcome of negotiations with those parties.

28- Capital and Reserves

28-1 Authorized Capital

The authorized Capital amounted to 200 million EGP, after the extraordinary general assembly agreed on 5 February 2005 on the the increase of authorized capital from 20 million EGP to 200 million EGP (only two hundred million EGP).

- On 18 December 2022, the Extraordinary General Assembly decided to increase the authorized capital from 200 million EGP to 500 million EGP, and it was recorded in the commercial register on 11 June 2023.

28-2 Paid and issued Capital

On 31 March 2024, The issued and paid Capital amounted to 180,067,050 EGP, distributed to 180,067,050 shares.

The Extraordinary General Assembly of the company, on 18 December 2022, approved the stock split, reducing the nominal value of the share from EGP 10 per share to EGP 1 per share. The stock split was recorded in the Commercial Register on 12 January 2023.

The General Assembly approved an increase in the company's issued and paid-up capital from EGP 120,044,700 (One Hundred Twenty Million Forty-Four Thousand Seven Hundred Egyptian Pounds) to EGP 180,067,050 (One Hundred Eighty Million Sixty-Seven Thousand Fifty Egyptian Pounds), distributed over 180,067,500 shares. The increase amounts to EGP 60,022,350 (Sixty Million Twenty-Two Thousand Three Hundred Fifty Egyptian Pounds), representing 60,022,350 new shares, with a nominal value of EGP 1 per share (after the stock split), in addition to issuance fees of 2.5% of the nominal value per share. The capital increase was executed through an offering to existing shareholders, allowing subscription at a ratio of one additional share for every two original shares, with subscription rights separate from the original shares. The increase was recorded in the Commercial Register on 11 June 2023.

28-3 Reserves

	31 March 2025	31 December 2024
Reserves	122,729,568	99,552,756
	<u>122,729,568</u>	<u>99,552,756</u>

- In accordance with the Companies Law and the company's Articles of Association, at least 5% of the annual net profit is allocated to form the legal reserve. Conversion to legal reserves is ceased when the reserves reaches 100 % of issued capital.
- In accordance with the company's Articles of Association, at least 5% of the annual net profit is allocated to form the statutory reserve. Conversion to statutory reserves is ceased, when the reserves reaches 100 % of issued capital, the non-distributable reserves, however it may be used to increase capital or reduce losses.
- Reserves are supported with 12,110,720 EGP from net profits of 2022, in accordance with the Articles of Association of the company, as per the decision from the general assembly dated 21 March 2023.

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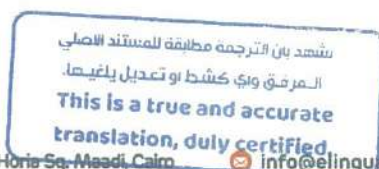


- Reserves are supported with 16,501,530 EGP from net profits of 2023, in accordance with the Articles of Association of the company, as per the decision from the general assembly dated 9 March 2024.
- Reserves are supported with 23,176,812 EGP from net profits of 2024, in accordance with the Articles of Association of the company, as per the decision from the general assembly dated 26 April 2025.

29- Relevant parties

Related parties include the company's shareholders, board members, and companies in which shareholders directly or indirectly own shares that grant them significant influence over these entities. Below is a statement of the key transactions conducted during the year and the balances of related parties as of the date of the separate financial statements.

Notes No.	Party type	Nature Transaction	Volume Transaction	Balance on 31 March 2025		Balance on 31 December 2024	
				Debtor	Creditor	Debtor	Creditor
Albeir Company for Pesticides and Chemicals	Associate Company	Sales by Agency	156,383,682	493,079	18,379,410	353,742	60,354,959
		Incentive bonus	14,499,388				
		Sold services	102,407				
		Immediate payment discount	5,388,970				
KAFR EL ZAYAT INTERNATIONAL COMPANY "Private Free Zone Branch"	Affiliate	Purchasing Goods	3,477,609	619,398,265	--	144,791,252	--
		Realized losses	(329,839)				
		Funding	21,752,023				
		Payments	32,361,515				
Organic Company	Affiliate	Current Requirements	78,209,103	90,070,216	--	79,114,076	--
			3,237,635				
Egyptos Multitrade Company	Affiliate	Sales	112,451,640	70,638,246	--	40,314,778	--
		Payment Balances	45,535,511				
		Debit Settlements	3,722,117				
Kemi Commercial Company	Affiliate	Procurements					
			181,006,459	136,598,569	--	397,874,293	--
		Payments	224,155,896				



* Albeir Company for Pesticides and Chemicals shall incur Value Added Tax duly imposed on the products which are produced by the company. The company shall deduct the value added tax from the payments made by Albeir Company for Pesticides and Chemicals and supply thereof to the Tax Authority.

30- Profit share

Main Profit share

The main share of stock in net profits of the period shall be calculated as follows: -

		for the three months ending on	
		31 March 2025	31 March 2024
Net profits of the period		98,466,579	120,553,886
Weighted average number of regular shares	(Share)	180,067,050	180,067,050
Profit share in profits	EGP/Share)	0.55	0.67

31-Probable liabilities

	31 March 2025	31 December 2024
The uncovered part of letters of guarantee	12,857,099	7,983,310
Documentary Credits	66,916,701	18,900,544
	79,773,800	26,883,854

32-Tax Situation

Tax type Taxes Companies

Years Capital

Tax Situation

The company submits its corporate income tax return to the relevant tax authority annually and within the legally prescribed deadlines. It also pays any due taxes, if applicable, based on these returns. However, under Egypt's tax system, the final tax liability owed to the Tax Authority cannot be precisely determined until a tax audit is conducted by the Tax Authority, and a final tax assessment is reached—either through internal committees, appeal committees, or judicial proceedings.

- 2005/2009 – The examination and reconciliation were conducted, and Forms (19) were received. An appeal was filed against the tax differences before the Internal Committee and the Appeals Committees, and the tax differences for the period were settled on 27/06/2024. The legal case before the State Council in Damanhour is still under follow-up regarding one of the disputed points, and a request has been submitted to the Dispute Settlement Committee.
- 2010/2012 – The examination and reconciliation were carried out, and Form (19) was received. An appeal was filed within the legal deadline before the Internal Committee and the Appeals Committees, and the tax differences for those years were settled. Form (9) was received confirming the settlement of all tax liabilities for the period on 27/06/2024. The legal case before the State Council in Abbassiya is still under follow-up regarding one of the disputed points, and a request has been submitted to the Dispute Settlement Committee.
- 2013/2015 – “The examination was conducted and Form (15) was received. An appeal was filed within the legal deadline before the Internal Committee

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The main share of stock in net profits of the period shall be calculated as follows: -

		for the three months ending on 31 March 2025	31 March 2024
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Weighted average number of regular shares	(Share)	180,067,050	180,067,050
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The uncovered part of letters of guarantee	12,857,099	7,983,310
Documentary Credits	66,916,701	18,900,544
	79,773,800	26,883,854

32-Tax Situation

Tax type
Taxes
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Years
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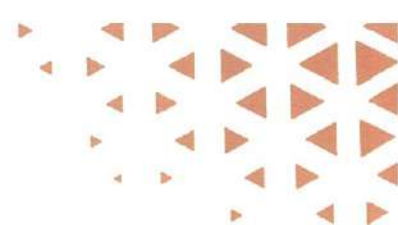
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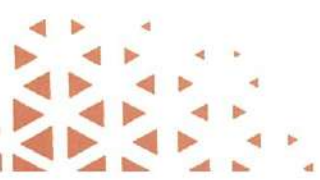
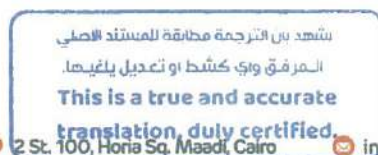
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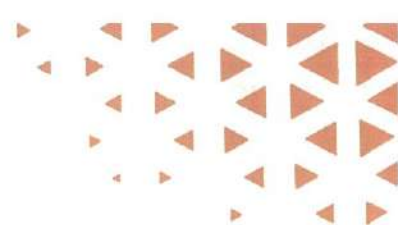




		and the Appeals Committees, which resulted in an amount of EGP 793,973 as audit differences. The file has been referred to the Experts Committee at the State Council in Al-Rehab until this date.”
	2016/2017	- The examination was conducted and Form (15) was received, which resulted in audit differences amounting to EGP 72,897,460. An appeal was filed, and the differences were reduced to EGP 17,680,667, and the file was referred to the Experts Committee at the State Council in Tanta.
	2018/2019	- The examination was conducted and Form (15) was received, which resulted in audit differences amounting to EGP 36,248,557. An appeal was filed within the legal time limit, and the file was referred to the Experts Committee for re-examination.
	2020	- The examination was carried out on the electronic portal, and the company was notified on Form (3/4) with an amount of EGP 10,315,902. An appeal was filed within the legal time limit on the electronic portal, and the file is currently under follow-up.
	2021/2023	The company was notified of the examination on the Authority's website by Form No. (3/4), and preparations for the examination are underway.
Income Tax	2009/2015	- Inspected and settled
	2016/2023	- Returns are submitted on time but inspection is not made
Stamp Tax		- The inspection was conducted up to December 31, 2005, and the file was referred to the internal committee. Some points of dispute were resolved, while others were referred to the appeal committee. The matter was then forwarded to the experts' sector due to the company's objection to the imposition of a stamp tax amounting to EGP 213,176. The experts concluded that the tax due from the company was only EGP 10,933.
	2006/2013	- The inspection and payment of the due tax have been completed.
	2014/2023	- Inspection is not made
		- The payment has been made, and the declarations related to advertisements are being submitted regularly.
General taxes	2008/2009	- The inspection and payment of the due tax have been completed.
Sales and the Added Value	2010/2014	- Inspection was conducted and referred to the internal committee
	2015/2023	- Returns are submitted on time but inspection is not made
Real Estate Taxes		- Tax is paid up to 30 September 2013
		- A claim was received for the period from 31 December 2013 until 31 December 2015, and an objection was filed thereon. The matter was referred to the Appeals Committee, and a good faith deposit in the amount of 1,440,574 Egyptian Pounds was paid.
Company's branch in Nobariya		On 8 February 2007, Tax Exemption was granted to the Company's branch in Nobariya, which is based in plot No. 57 and 58, First Industrial Area in Nubariya, in accordance with Article 24 of Law No. 59 of 1979, for ten years as of January 2006, provided that the initial period shall be from 23 October 2005 to 31 December 2005, the actual operation of the branch started on the first of September 2007.

* The company has allocated provisions for the above-mentioned tax claims in accordance with the management's opinion and considers the provisions to be sufficient.





33- Management of Financial Risks

33-1 Elements of Financial Risks

The company is exposed to various financial risks due to her usual business. These risks include market risks (including the Exchange rate risks and prices fluctuation risks, interest rate risks, credit risks, and liquidity risks).

The company management aims at mitigating the probable negative impacts of these risks on the company's financial performance.

A. Credit Risks

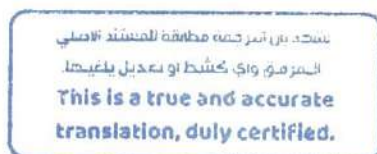
Credit risk arises from the presence of cash and deposits with banks, as well as credit risks associated with distributors, wholesalers, and individuals, represented by customer accounts and notes receivable. Credit risk is managed for the group as a whole.

As for banks, it is dealt with banks with high credit rating and high solvency banks, in case of absence of independent credit rating. For suppliers and wholesalers, the credit management department assesses the creditworthiness based on financial position, past experiences in transactions, and other factors. For individuals, the legal arrangements and documents at execution of the transaction mitigates the credit risks to the minimum. The provisions required to face insolvency of clients are composed for each individual incident.

Hereunder the percentage decrease in the value of accounts receivable and notes receivable relative to the total liabilities:

	Notes No.	31 March 2025	31 December 2024
Trade notes and other receivables	(20)	84,362,386	53,698,388
Dues from relevant parties	(29)	900,359,761	645,609,527
Debtors and other debit balances	(21)	256,734,042	241,183,881
		<u>1,241,456,189</u>	<u>940,491,796</u>

The financial assets of the company is composed of the trade receivables, which are represented in the due amounts and investment balances. These financial assets do not represent a significant concentration of risk. Trade receivables are distributed to various sectors. There is strict oversight on credit, and impairment losses are appropriately recognized. The company manages the credit risks related to investments by ensuring that these investments are made after accurately assessing the credit risks associated with them.



B. Liquidity risks

The careful management of liquidity risks requires maintaining a sufficient level of cash and providing financing through adequate amounts of available credit facilities. Due to the dynamic nature of main activities, the company management aims at maintaining the flexibility of financing through maintaining the available enhanced credit lines.

This note shows the contractual conditions of financial liabilities on the date of financial statements.

	Notes No.	Carrying Value	One year or less
31 March 2025			
Suppliers and payment notes		73,958,547	73,958,547
Overdraft banks	(23)	1,691,167,456	1,691,167,456
Trade and other payables	(26)	20,104,362	20,104,362
Current Income Tax Liabilities	(19- 2)	58,288,230	58,288,230
Dues to relevant parties	(29)	18,379,410	18,379,410
		1,861,898,005	1,861,898,005
31 December 2024			
Suppliers and payment notes		150,064,377	150,064,377
Overdraft banks	(23)	1,326,237,962	1,326,237,962
Trade and other payables	(26)	62,764,314	62,764,314
Current Income Tax Liabilities	(19- 2)	43,788,199	43,788,199
Dues to relevant parties	(29.)	60,354,959	60,354,959
		1,643,209,811	1,643,209,811

C. Market risks

1- Foreign Currencies Exchange Rate Risks

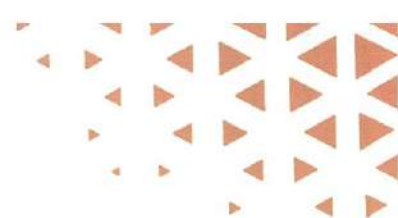
Foreign currency exchange rate risks are represented by the fluctuations in the value of financial instruments as a result of changes in foreign currency exchange rates. Below, we outline the company's exposure to fluctuations in the exchange rates of major currencies.

Description	31 March 2025			31 December 2024	
	USD	Euro	Japanese	USD	Euro
Assets					
Dues from relevant parties	5,348,028			5,540,720	--
Total Assets in currency	5,348,028			5,540,720	--
Equivalent in EGP	270,128,894			281,967,241	--
Liabilities					
Due for the facilities of suppliers	150,000	30,816		273,920	93,012
Total Liabilities in	150,000	30,816		273,920	93,012
Equivalent in EGP	7,576,500	1,693,956		13,939,789	4,934,287

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Surplus (shortfall) of Risk Exposure	5,198,028	(30,816)	5,266,800	(93,012)
Equivalent in EGP	262,552,394	(1,693,956)	268,027,452	(4,934,287)
Surplus (shortfall) in EGP	260,858,438		263,093,165	

Statement of Foreign Currencies exchange rates in EGP

	Closure prices	
	31 March 2025	31 December 2024
USD	50.62	50.89
Euro	54.66	53.05
Japanese Yuan	0.337	0.450

2- Sensitivity Analysis

An increase of 10% in foreign exchange rates against the Egyptian Pound as at March 31, 2025 may result in an increase in surplus by EGP 26, 085,843 (EGP 26,309,316 increase in surplus as at December 31, 2024). This analysis assumes that all other variables, particularly interest rates, remain constant, and the test has been performed on the same basis as applied in 2024.

Reduction of 10 % in the foreign Currency exchange rate against EGP on 31 May 2025, may have the same equivalent change but with reverse impact.

33-2 Prices Fluctuation Risks

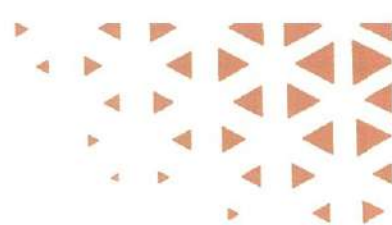
There are no investments in equity instruments or debt instruments registered and traded in the financial markets, and therefore the company is not exposed to the risk of changes in the fair value of investments due to prices fluctuations at market.

33-3 Interest rate risks on the cash flows and value added

- The interest rate risk is represented in the financial instrument fluctuation risks as a result of the changes in the interest rate prevailing at market.
- This is represented in the changes in interest rates on the Company's bank borrowings, which consist of credit facilities balances amounting to EGP 1,691 million as of March 31, 2025 (EGP 1,326 million as of December 31, 2024). The interest and finance expenses related to these balances amounted to EGP 104 million during the current financial period (EGP 55 million during the comparative period).
- The balances of time deposits as of 31 March 2025, amounted to 1.39 million Egyptian pounds (compared to 1.36 million Egyptian pounds on December 31, 2024). The interest income related to these balances amounted to 32.5 thousand Egyptian pounds during the current fiscal year (compared to 175.42 million Egyptian pounds during the comparison year).
- To mitigate these risks, the company's management is working to obtain the best available terms in the banking market regarding credit facility balances, and it regularly reviews the prevailing interest rates in the banking market.
- The form of this risk appears in the financial instruments interest rates on the date of these financial statements as follows:

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Description	Notes No.	31 March 2025	31 December 2024
Term deposits	(22)	1,387,823	1,361,304
Financial liabilities (Overdraft banks)	(23)	1,691,167,456	1,326,237,962

33-4 Estimation of Fair Value

The fair value is supposed to approximate the nominal value less any estimated credit adjustments for financial assets and financial liabilities with maturities of less than one year. For disclosure purposes, the available interest rate for the company is used for the similar financial instruments, to deduct the contractual future credit risks to estimate the fair value of the financial liabilities.

To estimate the fair value of the non-current financial instruments, the company used many methods and applied the assumptions based on the market status on the date of each balance sheet. Market prices or customer prices for the financial instrument or a similar instrument are used for long-term debt. Other methods, such as the estimated present value of future cash flows, are used to determine the fair value of the remaining financial instruments. At the balance sheet date, the fair value of non-current liabilities did not differ significantly from their book value due to the lack of significant differences in interest rates.

33-5 Capital Management

– The company management aims at managing capital to maintain the company's ability to sustain itself in a manner that realizes returns for shareholders and provides benefits to other stakeholders, as reflected in the financial statements. In addition to providing and maintaining the best capital structure for purpose of reducing capital cost.

– To maintain the best capital structure, the management change the value of dividends paid to the shareholders or reduce capital or issue new shares for company's capital.

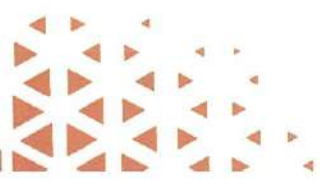
– The company management monitors the capital structure using the net overdraft ratio to total capital. The net credit facilities are represented by the total credit facilities and payables less cash. The total capital is represented in total equities of the company as stated in the unconsolidated balance sheet in addition to the net credit facilities.

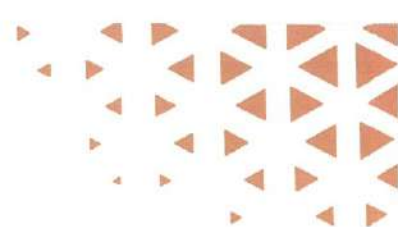
– Hereunder the ratio between the net credit facilities to total equities at 31 March 2025 and 31 December 2024.

	31 March 2025	31 December 2024
Total credit facilities and Payables		
Overdraft banks	1,691,167,456	1,326,237,962
Payment Notes	2,172,315	106,205,910
Total credit facilities and Payables	1,693,339,771	1,432,443,872
(Less):		
Cash and Its Equivalent	(4,620,409)	(2,551,074)
Letters of Guarantee Coverage	(12,956,181)	(9,699,806)
Net credit facilities	1,675,763,181	1,420,192,992
Total equities	743,646,130	645,179,551
Ratio of the net credit facilities to total equities	225%	220%

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34- Significant events

- On 27 October 2022, and 6 March 2024, the Central Bank of Egypt issued decisions regarding the liberalization of the exchange rate for foreign currencies against the Egyptian pound. This was implemented using a flexible exchange rate system based on supply and demand, which resulted in a significant increase in the exchange rates of foreign currencies against the local currency (the Egyptian pound).
- The Monetary Policy Committee of the Central Bank of Egypt has decided to raise the overnight deposit rate, the overnight lending rate, and the Central Bank's main operation rate by 800 basis points during the year 2024, to reach 27.75%, 28.25 % ,and 27,25 %, respectively. The credit and discount rate has also been raised by 800 basis points to reach 27,75 %.
- On October 23, 2024, the Prime Minister issued Decree No. (3527) of 2024, approving the Egyptian Accounting Standard No. (51) "Financial Statements in Hyperinflationary Economies." According to paragraph (6) of the standard, the start and end dates of the financial period(s) during which this standard must be applied shall be determined by a decision of the Prime Minister or his delegate.

34- 1 Subsequent Events

- On April 17, 2025, the Monetary Policy Committee of the Central Bank of Egypt decided to reduce the overnight deposit and lending rates, as well as the Central Bank's main operation rate, by 225 basis points to reach 25.00%, 26.00%, and 25.50%, respectively. The credit and discount rate was also reduced by 225 basis points to reach 25.50%.

35-The applicable most significant policies

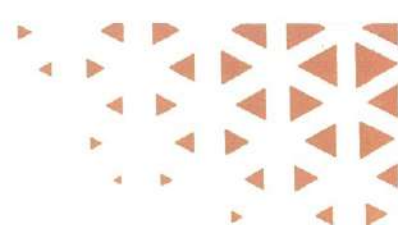
The accounting policies provided hereunder are applied consistently during the presented financial years in these independent financial statements.

35- 1 Transactions in foreign currencies

- The foreign currencies are translated to the functional currency of the company at the exchange rate on the transaction dates.
- Cash assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate on the date of financial statements.
- The assets and liabilities which are measured at the fair value in foreign currency shall be translated at the exchange rate used at determining the fair value.
- Non-cash assets and liabilities which are measured at historic cost are translated to foreign currency at the exchange rate on the date of transaction.
- Generally, the difference in currency exchange rate are recognized in the statement of profits or losses. Except for exchange differences arising from the translation of items recognized in other comprehensive income.
- Available-for-sale investments in equity instruments (except for impairment, where exchange differences are reclassified from other comprehensive income to profit or loss).

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- Financial liabilities designated as a hedging instrument for hedging the risk of a net investment in a foreign operation, as long as the hedge remains effective.
- Hedging instruments used for cash flow risk hedging, as long as the hedge remains effective.

35- 2 Discontinued operations

- Discontinued operations are a part of the company's activities, whose operations and cash flows can be distinguished from the rest of the company.
- The classification of an operation as discontinued is recognized upon disposal or when the operation meets the requirements to be classified as held for sale, whichever comes first.
- When the operation is classified as discontinued operation, the comparison numbers are amended in profits, losses, and other comprehensive income, as if the operation is excluded from the beginning of the comparison period.

35- 3 Fixed assets and its depreciation

A. Initial Recognition and Measurement

- Fixed assets are recognized at cost less total depreciation and total impairment losses.
- If the essential components of each fixed asset has different productive life, it shall be calculated as independent items
- (Main components) among these fixed assets.
- Profits or losses resulting from excluding fixed assets shall be recognized at the profits or losses.
- Cost includes all direct costs which are related to the acquisition of asset. with respect to the assets which are internally established,

The cost of asset include the cost of materials, direct labor, and other direct costs, which is required for the operation of preparation of these assets, to reach the operational status in the site and for the purpose for which it is acquired, as well as the cost of its removal and re-leveling of the site on which these assets exist.

Components of a fixed asset item that have different useful lives are accounted for separately as distinct items within fixed assets.

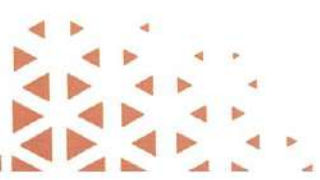
A. Post-acquisition costs

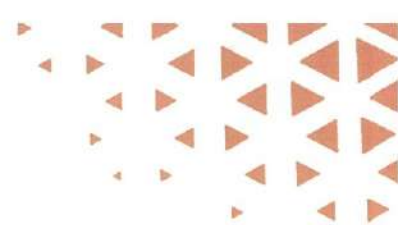
The post-acquisition cost of the asset is only capitalized if they generate future economic benefits for the group.

B. Depreciation

The depreciable fixed assets, which is represented in the asset cost less its scraping value, is depreciated according to fixed installment method along the estimated productive life for each fixed asset type, depreciation shall be then charged to Profits or losses. Lands shall not be depreciated Hereunder a description of the estimated depreciation year for the current year;

Description of Asset	Estimated productive life (one year)
Buildings and facilities	From 33.3 to 50
Plants and equipment	From 8 to 20
Transportation means	From 5 to 10





Kits and tools	From 4 to 20
Furniture and Office equipment	10

The depreciation method, useful lives, and residual values of fixed assets are reviewed at the end of each financial period and adjusted if necessary.

35- 4 Under progress projects

The projects under progress are recognized at their cost. The cost includes all directly related expenses necessary to prepare the asset for use in the condition and for the purpose it was acquired. The projects in progress are transferred to fixed assets when they are completed. They must be available for use.

35- 5 The assets related grants

The assets associated grants are processed as long term deferred revenues, and it shall be recorded in the independent income statement as per regular depreciation basis, align with the depreciation of the assets associated thereto along its estimated productive life, which is estimated to be from 11 to 13 years.

35- 6 Investments

Investment in affiliate companies

Subsidiaries are entities in which the investing company has the ability to control their financial and operational policies. This ability is presumed to exist when the investing company owns more than half of the voting rights of the invested company.

Investments in affiliated companies are recorded at their cost less any impairment losses, the company then assess its investment, individually, at the date of the balance sheet. If the recoverable impairment of investment is less than its carrying value, the carrying value of this investment shall be reduced by the reduction losses value and charge thereof to the income statement.

Financial investments measured at fair value through other comprehensive income (FVOCI).

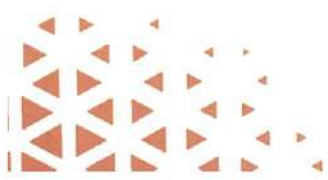
The initial recognition of financial investments measured at fair value through other comprehensive income is made in the other comprehensive income. At the reporting date, changes in fair value, whether gains or losses, are recognized directly in other comprehensive income, except for impairment losses on the investment, which are recognized in the income statement.

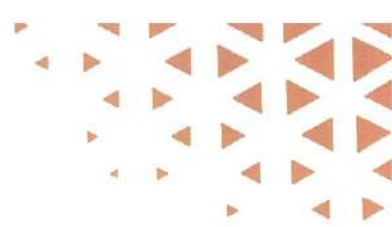
When the investment is derecognized, any accumulated gains or losses previously recognized directly in equity are included in the income statement. The fair value of financial investments measured at fair value through other comprehensive income is determined based on the quoted market price in an active market at the reporting date.

For investments that do not have a quoted market price in an active market, they are valued using one of the accepted valuation methods, including recent arm's length transactions, discounted cash

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flow analysis, option pricing models, or other valuation techniques. If the company is unable to estimate the fair value, the investment is measured at cost less any impairment in value.

35- 7 The current assets kept for sale

Current assets held for sale are current assets whose carrying amount is expected to be recovered primarily through a sale transaction rather than through continued use. These assets are measured at their carrying value or fair value less the sale cost, whichever less.

In the event of an impairment in the value of these investments, the carrying amount is adjusted by the amount of the impairment, which is recognized in the profits or losses statement. The reversal of impairment losses is recognized in the period in which it occurs, but only up to the previously reduced carrying amount, unless an impairment loss had been recognized for the asset in prior years.

35- 8 Borrowing Cost

Borrowing costs, including interest, bank fees, amortization of discounts or premiums related to borrowing, and the exchange differences generated due to the change in interest rates is recognized in the income statement. Exceptionally, borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying fixed asset are capitalized as part of the asset's cost and are depreciated over its estimated useful life.

The capitalization of borrowing costs as part of the cost of the related fixed asset begins when actual expenditure on the asset starts and continues during the period in which the company incurs borrowing costs. Capitalization ceases during periods of temporary suspension of asset construction or when the asset is ready for use.

35- 9 Inventory

Inventory is recognized at cost or net sale value, whichever less. It represents the net sale value in the expected sale price through the regular activity less the estimated cost for completion and sale expenses.

The inventory cost is calculated upon the following basis

- Materials, spare parts, missions, and packaging materials: Shall be recognized at their actual cost until it reach the stores, so the spent shall be priced upon the basis of prevailing average

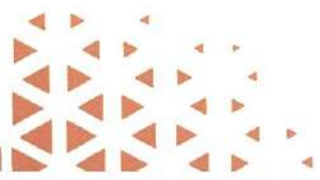
Unfinished production On the basis of actual industrial cost, which includes the cost of raw materials, direct industrial labor, and indirect industrial expenses and burdens, according to the latest production stage reached.

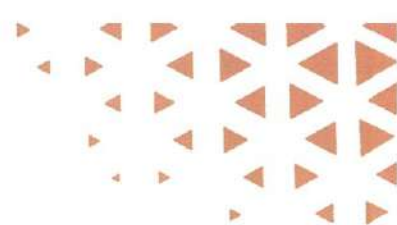
Complete production On the basis of industrial cost (direct and indirect) or the net sale value, whichever less.

Goods purchased for sale purposes On the basis of purchase cost or the net sale value, whichever less.

35- 10 Clients, Receivables, debtors and other debit balances

Trade receivables, notes receivable, debtors, and other non-interest-bearing receivables are recognized at their nominal value, net of any impairment. Impairment is recognized when there is objective evidence that the company will be unable to collect all due amounts under the original





contract terms. The impairment amount is the difference between the carrying amount and the recoverable amount, which represents the expected future cash flows the company anticipates receiving.

Trade and other long term receivables are initially recognized at their fair value, then it shall be measured at the depreciated cost by using actual interest rate method.

35- 11 Cash and Its Equivalent

Cash and cash equivalents include bank balances, cash on hand, demand deposits, and bank overdrafts that are repayable on demand, which form an integral part of the company's cash management system. These are considered for the purpose of preparing the standalone statement of cash flows.

35- 12 Measurement of Fair Value

- Fair value represents the price that the company would receive for selling an asset or the amount paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement is based on the assumption that the transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability, or in the market that would provide the greatest benefit for the asset or liability.
- The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants will act in their economic best interests.
- Fair value measurement of a non-financial asset takes into account the market participant's ability to generate economic benefits either by using the asset to its highest and best use or by selling it to another market participant who would use the asset to its highest capacity.
- As for the current assets in the active market, the fair value is determined by referring to the declared market prices.
- The fair value of interest-bearing items is estimated based on discounted cash flows using interest rates for similar items with the same terms and risk characteristics.
- However with respect to the unlisted assets, the fair value shall be determined by resorting to the market value of similar asset or by depending on the expected deducted cash flows.
- The company uses appropriate valuation methods based on the surrounding circumstances and the availability of sufficient data to measure fair value. It maximizes the use of observable inputs and minimizes the use of unobservable inputs.
- All assets and liabilities which are measured at fair value or disclosed in the financial statements are classified in substantial categories for measurement the fair value as a whole.
 - First Level: By using unmodified quoted prices for identical assets or liabilities in active markets.
 - Second Level Using inputs other than quoted prices in Level 1, but which are observable for the asset or liability either directly (i.e., prices) or indirectly (i.e., derived from prices).

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- Third Level Using valuation techniques that involve inputs for the asset or liability that are not based on observable market data.
- With regard to assets and liabilities that are recognized in the financial statements on a recurring basis, the entity determines whether there are any transfers.
- That occurred between the three levels of the hierarchy due to a reclassification at the end of the reporting period.
- For the purposes of fair value disclosures, the company has categorized assets and liabilities based on their nature, characteristics, and the risks associated with each, as well as the level at which they are classified within the fair value hierarchy, as outlined above.

35- 13 Impairment

35-13-1 Non-Derivative Financial Assets;

For financial assets not classified and measured at fair value through profit or loss, including equity interests accounted for using the equity method, the company, at the end of each financial period, estimates whether there is objective evidence of impairment in the asset's value, the objective evidence of impairment of the asset's value includes:

- Failure or default in payment by the debtor
- Reclassification of due amounts for the group under conditions not accepted by the company in any other conditions.
- Indicators on the bankruptcy of the debtor or exporter
- Adverse changes in the repayment conditions for borrowers or exporters.
- Disappearance of active market for the financial asset due to financial difficulties.
- There is a Clear evidence indicating a measurable decrement in future cash flows, which are expected from a group of financial assets.
- As for investments in equity instruments, objective evidence of impairment includes a significant or prolonged impairment in the fair value than the cost. The company considers that the decrease by 20 % is significant, and the term of nine months is deemed continuous.

35-13-2 Financial Assets recognized at depreciated cost

- The company assesses whether there is objective evidence of impairment in the value of these assets, either individually or on a collective basis. Any assets that are individually significant are assessed for impairment on an individual basis. If no evidence of impairment is found for these individual assets, they are then evaluated collectively for any impairment that may have occurred but has not yet been identified at the individual asset level. Assets that are not considered individually significant are evaluated collectively for any impairment in value. For collective assessment purposes, assets with similar risks are collected together.
- When assessing impairment at the collective level for assets, the company uses historical information about the timing of the recovery of losses arising from impairment and the value of incurred losses. Adjustments are made if current economic and credit conditions indicate that actual losses are likely to be greater or less than those expected based on historical indicators.

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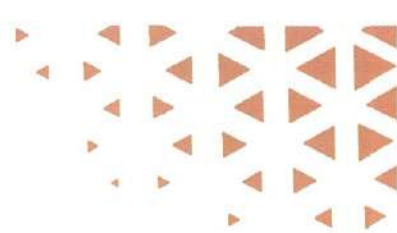
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- Impairment losses are calculated as the difference between the carrying amount of the asset and the present value of the expected future cash flows, discounted at the original effective interest rate of the financial asset. The losses are recognized in profits or losses statement, and the assets carrying value is reduced through using impairment provision account.
- If the company believes that there is no realistic possibility of reversing the impairment loss on the asset, it will write off the related carrying amount.
- If the value of an impairment loss subsequently decreases, and this decrease can be objectively linked to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss.

35-13-3 Financial Assets available for sale

- Impairment losses on available-for-sale financial assets are recognized by reclassifying the losses previously recognized in other comprehensive income and accumulated in the fair value reserve to profit or loss. The amount of the accumulated loss removed from equity and recognized in profit or loss is the difference between the acquisition cost (net of any depreciation or repayment of any part of the principal) and the fair value, less any impairment losses on the financial asset that were previously recognized in profit or loss.
- When the fair value of a debt instrument classified as available-for-sale increases in a subsequent period, and this increase is objectively related to an event that occurred after the recognition of an impairment loss in profit or loss, the impairment loss is reversed in profit or loss.
- Impairment losses recognized in profit or loss are not reversed for any investment in an equity instrument classified as available-for-sale in profit or loss.

35-13-4 Non-Financial Assets:

- At the end of each financial period, the company reviews the carrying amounts of its non-financial assets (excluding biological assets, investment properties, inventory, and deferred tax assets) to determine if there are any indicators of impairment. If so, the company estimates the recoverable amount of the asset.

An impairment test for goodwill is conducted annually.

- To perform an impairment test for an asset, assets are grouped together into the smallest group of assets that includes the asset and generates cash flows from continuous use that are largely independent of cash inflows from other assets or groups of assets—cash-generating units (CGUs). The goodwill acquired in a business combination is allocated to the cash-generating units (CGUs) or groups of CGUs within the acquiring company that are expected to benefit from the collection operation.
- The recoverable amount of an asset or cash-generating unit (CGU) is the higher of its fair value less costs to sell or its value in use. The value in use of an asset is the present value of the expected future cash flows discounted at a pre-tax discount rate that reflects current market estimates of the time value of money and the specific risks associated with the asset or CGU.
- Impairment losses are recognized if the carrying Value of the asset of the cash generating unit is larger than the recoverable value.

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- Impairment losses are recognized in the profits or losses statement. It is first allocated to reduce the carrying amount of the goodwill allocated to the cash-generating unit (CGU), then to reduce the carrying amounts of the other assets in the unit proportionally based on the carrying amount of each asset in the unit.
- The losses resulting from the impairment of goodwill is not reversed in subsequent periods. For other assets, impairment losses are reversed to the extent that the carrying amount does not exceed the amount that would have been determined (net of depreciation and amortization) if no impairment loss had been recognized, unless the impairment loss for the asset was previously recognized in prior years.

- Capital

A. Regular shares

Costs directly attributable to the issuance of common shares and stock options are recognized as a reduction in shareholders' equity.

Share Capital Repurchasing

When repurchasing issued share capital, the amount paid for the repurchase, including all direct costs related to the repurchase, is recognized as a change in equity. The repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

B. Profits Dividends

Dividends are recognized as a liability in the period in which the distribution is declared, and upon the approval of the general assembly of the company.

C. Capital Management

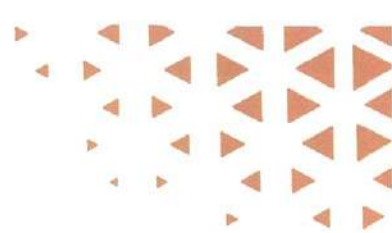
The policy of the board of directors is to maintain strong capital for purpose to keep the trust of investors, debtors, and market as well as meeting the activity future developments.

The company's board of directors monitors the return on equity, which is defined as the net profit for the year divided by total equity. Additionally, the board oversees the level of dividends distributed to shareholders.

There have been no changes in the company's strategy for managing capital during the year. The company does not subject to any external requirements imposed on its capital.

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35- 14 Reserves

Legal Reserves

- In accordance with the Companies Law and the company's Articles of Association, at least 5% of the annual net profit is allocated to form the legal reserve. Conversion to legal reserves is ceased when the reserves reaches 100 % of issued capital.

Statutory reserves

- In accordance with the company's Articles of Association, at least 5% of the annual net profit is allocated to form the statutory reserve. Conversion to statutory reserves is ceased, when the reserves reaches 100 % of issued capital, the non-distributable reserves, however it may be used to increase capital or reduce losses.
- The reserves is used under resolution of the general assembly upon a proposal from the board of directors in the matters which are for the interest of the company.

35- 15 Borrowing

Loans and credit facilities with interest are initially recognized at fair value less related transaction costs. After initial recognition, these loans are subsequently measured at amortized cost, with any difference between the cost and the recoverable amount recognized in the income statement over the term of each loan using the effective interest rate method.

35- 16 Trade and other payables

Trade and other payables are recognized at cost.

35- 17 Provisions

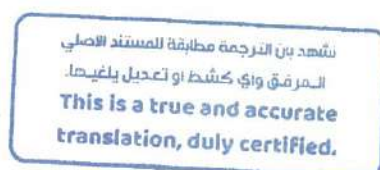
The value of provisions is determined by the present value of the expected future cash flows, discounted at a pre-tax discount rate that reflects current market estimates of the time value of money and the specific risks associated with the obligation. The increase in the carrying amount of a provision resulting from the use of the discount to determine the present value, which reflects the passage of time, is recognized as borrowing cost.

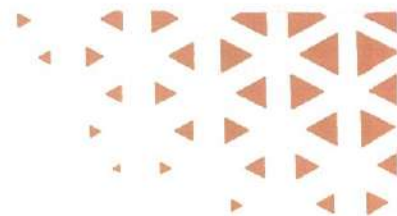
A. Legal claims

The provisions for legal claims are recognized when there are legal claims against the company, and after having the appropriate legal consultations.

B. Other provision

Other provisions are recognized when there are expected claims from other parties with respect to the company's business, as per the latest developments, discussions, and agreements with these parties.





35- 18 Revenues

A- Sold goods and provided services

- Revenues Recognition

- Revenues is measured at the principal determined in the contract with the claim, excluding the collected amounts on behalf of third party. The company recognizes revenues when the control on a product or service is transferred to clients. The principles provided in the Egyptian Accounting Standards No. 48 is applied by using the following five steps:
- **First Step:** The company calculates the contract with the client in the following cases:
 - If the contract is approved and complied with by all parties
 - If the rights of each party is determined.
 - If the payment conditions are defined.
 - If the contract is commercially guaranteed.
 - If the contract is collectible .
- **Second Step:** The company determines all the goods or services agreed upon in the contract and assesses whether each agreed-upon good or service will be accounted for as a separate performance obligation. The good or service is deemed distinguished and can be separated from other liabilities in the contract if:
 - The client can benefit from the good or service separately or with other resources which are easily available for the client.
 - The good or service is determined separately from the goods or services provided in the contract.
- **Third step:** The company determines the transaction price, which is the amount paid in return for transporting goods or providing the agreed services to one of the clients.
- **Fourth Step** The transaction price is allocated to each separate performance obligation based on the standalone selling price of the goods or services provided to the customer.
- **Fifth Step** Revenues are recognized when the control on goods or services are moved to client. The company transfers the good or service when the customer get the control on the good or service. The customer get the control on good or service if he is able to use thereof for benefit.

B) Interest Revenues

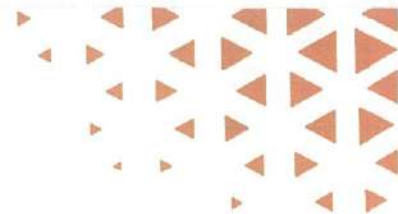
Interest revenues are recognized by using actual revenues method. Interest revenues is included in the profits or losses statement among financing Revenues.

C. Investment Revenues

Revenue from financial investments is recognized to the extent of dividends received by the company from the invested companies, which are earned after the acquisition date. This recognition begins from the date of the dividend distribution decision made by the general assemblies of the invested companies that approved the dividend distribution.

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D- Employees profit share

As per the Articles of Association, the employees shall have profit shares as decided to be distributed in case with not less than 10 5, provided that it shall not exceed the total annual salaries of employees. The employees' share in profits is recognized as a dividend distribution in the statement of changes in equity and as a liability during the financial period in which the company's shareholders approve this distribution. The liability for employees profit share is not recognized with respect to the undistributed profits.

35- 19 Expenditures

All operating expenses, including administrative and general expenses, as well as selling and distribution expenses, are recognized in the income statement in accordance with the accrual basis in the financial period in which those expenses are incurred.

A. Rentals Payment

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

B. Benefits of Employees

Subscription benefits system liabilities are recognized as expenses at providing the relevant service.

Prepaid subscriptions are recognized as an asset to the extent that the advance payment results in a reduction of future payments or a cash refund.

The company contributes to the government social insurance system on behalf of its employees in accordance with Social Insurance Law No. 79 of 1975. Under this law, employees and employers contribute to the system at a fixed percentage of wages. The company's liability is limited to the amount of its participation, and it shall be charged to the statement of profits or losses as per accrual basis.

C. Income Taxes

Current and deferred tax are recognized as income or expense in the profit or loss for the year, except in cases where the tax arises from a transaction or event that is recognized—either in the same period or a different period—outside profit or loss, whether in other comprehensive income, directly in equity, or in a business combination.

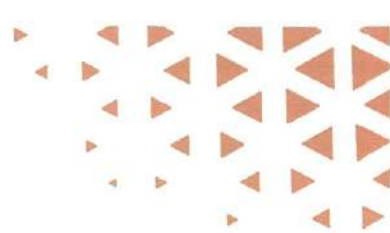
1- Current Income Tax

Current taxes for the current and previous years that have not yet been paid are recognized as a liability. However, if the taxes already paid for the current and previous years exceed the amount due for those years, the excess is recognized as an asset. Current tax liabilities (assets) for the current and previous years are measured at the amount expected to be paid to (or recovered from) the tax authorities, using the tax rates (and tax laws) that are enacted or substantively enacted by the end of the financial period. Dividends are subject to taxation as part of the current tax. Tax assets and liabilities are not offset unless certain conditions are met.

2- Deferred Taxes

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"Deferred tax is recognized for temporary differences between the carrying amount of assets and liabilities and their tax base." Except the following:

- Initial recognition of goodwill.
- Or initial recognition of the operation asset or liability which is
 - (1) Not business combination
 - (2) Neither affect the accounting Profit nor tax profit (tax loss).

Temporary differences related to investments in subsidiaries, associates, and joint ventures are recognized to the extent that it is possible to control the timing of the reversal of those temporary differences, and it is likely that such differences will not be reversed in the foreseeable future.

Deferred tax assets arising from carrying forward tax losses, unused tax credits, and deductible temporary differences are recognized when it is probable that taxable profits will be available in the future against which these assets can be utilized. The future taxable profit is determined based on the future business plan of each company within the group. The position of unrecognized deferred tax assets is reassessed at the end of each financial period, and deferred tax assets that were not previously recognized are recognized to the extent that it becomes probable that future taxable profits will be available to absorb the deferred tax asset.

Deferred tax is measured using the tax rates that are expected to apply when the temporary differences are realized.

When measuring deferred tax at the end of the financial period, the tax effects of actions taken by the company to recover or settle the carrying amount of its assets and liabilities are taken into account.

Tax assets and liabilities are not offset unless certain conditions are met.

35- 20 Share profitability

The company presents the basic earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

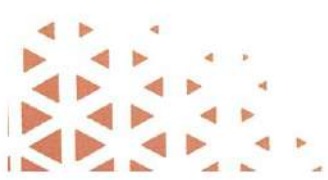
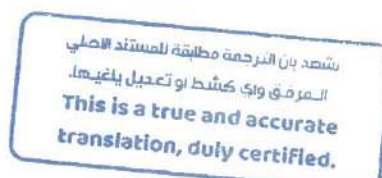
35- 21 Cash Flows Statement

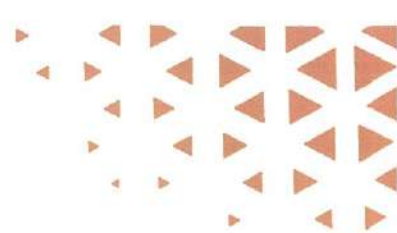
Cash Flows Statement is prepared as per indirect method.

35- 22 Financial Instruments

The company classifies its non-derivative financial assets into the following categories: The company's financial assets include those classified at fair value through profit or loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets

The company classifies its non-derivative financial liabilities into the following categories: Financial liabilities classified at their fair value through profits or losses and other financial liabilities.





A. Non-derived financial liabilities and assets, recognition and de-recognition

The company initially recognizes loans, receivables, and issued debt instruments on the date they originate. All other financial assets and financial liabilities are initially recognized on the transaction date when the company becomes a party to the contractual provisions of the financial instrument.

The company de-recognizes a financial asset when the contractual right to receive cash flows from the financial asset expires, or when it has transferred the contractual right to receive the cash flows of the financial asset in a transaction where it has transferred substantially all the risks and rewards of ownership of the financial asset. Or if the company has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset and has not retained control over the transferred asset, the company will only recognize as an asset or liability the result of the rights or obligations arising or retained upon transfer.

The Company derecognizes a financial liability when it is extinguished, i.e., when the obligation is discharged, cancelled, or expires in accordance with the terms of the contract.

The company offsets a financial asset and a financial liability and presents the net amount in the balance sheet if it currently has the legally enforceable right to set off recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

B. Non-Derivative financial assets - measurement

The assessed financial assets by fair value through the profits or losses.:

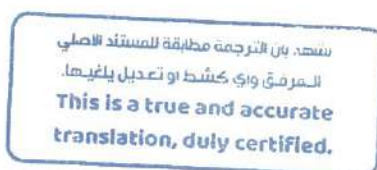
A financial asset is classified as measured at fair value through profit or loss if it is classified as held for trading or was initially classified to be measured at fair value through profit or loss. Directly attributable transaction costs incurred in acquiring or issuing the financial asset are recognized immediately in profit or loss when incurred. Financial assets measured at fair value through profit or loss are measured at fair value, and changes in fair value, including any income or dividends, are recognized in profit or loss.

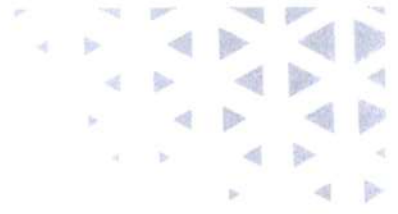
Loans and receivables:

These assets are initially measured at fair value plus directly attributable transaction costs through acquisition or issuance financial asset . After initial recognition, they are measured at amortized cost using the effective interest method.

Available-for-sale financial assets:

These assets are initially measured at fair value plus directly attributable transaction costs through acquisition or issuance financial asset . After initial recognition, they are measured at fair value, and changes in fair value, except for impairment losses and the effects of changes in foreign exchange rates for debt instruments, are recognized in other comprehensive income and accumulated in the fair value reserve. When these assets are derecognized, the accumulated gains or losses previously recognized in other comprehensive income are reclassified to profit or loss.





C. Non-Derivative financial Liabilities - measurement

The financial liability is classified as measured at fair value through profit or loss if it is classified as held for trading or was initially classified to be measured at fair value through profit or loss. Transaction costs directly attributable to the acquisition or issuance of the financial liability are recognized immediately in profit or loss when incurred. Financial liabilities measured at fair value through profit or loss are measured at fair value, and changes in fair value, including any interest expenses, are recognized in profit or loss.

Other non-derivative financial liabilities are initially measured at fair value, less any transaction costs directly attributable to the acquisition or issuance of the liability. After initial recognition, these liabilities are measured at amortized cost using the effective interest method.

D. Cash Flow Hedge

When a derivative is designated as a hedging instrument for cash flow risk the effective portion of the change in the fair value of the derivative is recognized in other comprehensive income and accumulated in the hedging reserve to hedge risks. Any ineffective portion of the change in fair value is recognized immediately in profit or loss.

E. Early Retirement Incentive Scheme

The Board of Directors, in its meeting No. 815 on September 2, 2018, approved the planned study for the optional early retirement incentive scheme for 125 employees eligible for early retirement, who are over 50 years of age.

Chief Financial Officer

Accountant / Ayman Ahmed Fayed

(Signature of Ayman Ahmed Fayed)

Vice chairman and CEO

Eng/ Essam Elbeer ElDabaa

(Signature of Eng/ Essam Elbeer ElDabaa)

