

**EGYPTIAN INTERNATIONAL
PHARMACEUTICAL INDUSTRIES “EIPICO “S.A.E“
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2023
WITH LIMITED REVIEW REPORT**

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LIMITED REVIEW REPORT

To the chairman and member of the board of:

Egyptian International Pharmaceutical Industries Co. – EIPICO “S.A.E”

Introduction

We have audited the accompanying consolidated financial statements of **Egyptian International Pharmaceutical Industries Co. – EIPICO (S.A.E)** which comprised the financial position as of September 30, 2023 and the related statements of profit or loss, other comprehensive income, changes in shareholders' equity and cash flows for the nine months then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with Egyptian Accounting Standards No. (30). Our responsibility is to express a conclusion on these interim financial statements based on our limited review.

Scope of Limited Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements does not present fairly, in all material respects, the financial position of the company as of September 30, 2023 and of its financial performance and its cash flows for nine months then ended in accordance with the Egyptian Accounting Standards No. (30) for consolidated periodic financial statements.

Cairo: 13 November 2023

Auditor: **Mazars**
Dr. Ahmed Shawki
MAZARS Mostafa Shawki



EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EIPICO
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF SEPTEMBER 30, 2023

(Amount expressed in LE)

	<u>Note No.</u>	<u>30/09/2023 L.E</u>	<u>31/12/2022 L.E</u>
<u>NON-CURRENT ASSETS</u>			
Fixed assets (net)	(4)	946,823,064	969,914,107
Right of use assets (net)	(5)	1,677,076	1,835,170
Projects under construction	(6)	2,879,996,493	866,160,786
Intangible assets (net)	(7)	2,227,218	1,567,040
Investments in associates	(8/2)	439,815,679	352,342,033
Total non-current assets		4,270,539,530	2,191,819,136
<u>CURRENT ASSETS</u>			
Inventory (net)	(9)	2,235,195,089	2,161,799,424
Accounts and notes receivable (net)	(10)	2,381,142,612	1,794,422,644
Non-current assets held for sale	(8/1)	12,330,000	12,330,000
Debtors and other debit balances	(11)	177,658,969	130,569,216
Cash and cash equivalents	(12)	665,879,316	482,969,378
Total current assets		5,472,205,986	4,582,090,662
Total Assets		9,742,745,516	6,773,909,798
<u>Equity</u>			
Capital	(13)	1,487,557,500	991,705,000
Reserves	(14)	1,835,139,939	1,502,885,332
Retained earnings	(15)	77,872,936	74,145,367
Dividends "EIACO"		34,520,000	27,616,000
Net profit for the period /year	(16)	643,111,539	642,982,324
Total equity (parent company)		4,078,201,914	3,239,334,023
Non-controlling interest (Minority)		3,440,909	3,052,935
Total equity		4,081,642,823	3,242,386,958
<u>Non-Current Liabilities</u>			
long term loans	(17)	2,580,351,407	735,619,163
long term credit facilities	(18)	5,819,245	76,512,181
Lease liability – long term	(19)	247,815	794,054
Deferred tax	(20)	57,445,808	58,940,504
Total non-current liabilities		2,643,864,275	871,865,902
<u>Current Liabilities</u>			
Provisions	(21)	211,106,682	115,393,367
credit bank (facilities)	(22)	2,257,502,378	2,032,647,352
Suppliers and note payable	(23)	160,147,350	200,245,865
Dividends Payable	(24)	643,424	--
Creditors and other credit balances	(25)	245,239,448	203,162,053
Accrued Income tax	(26)	140,979,556	106,817,993
Lease liability – short term	(19)	1,619,580	1,390,308
Total current liabilities		3,017,238,418	2,659,656,938
Total liabilities		5,661,102,693	3,531,522,840
Total Liabilities & Equity		9,742,745,516	6,773,909,798

- The accompanying notes are an integral part of these financial statements.
- Limited review report.

Acting as chief financial officer
Mohamed Taha Elswify



Chairman and Managing Director
Dr. Ahmed Said Mohamed Kilani



Translation of Financial Statements

Originally Issued in Arabic

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EIPICO
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts expressed in L.E.)

	Note	30/09/2023	30/09/2022
	No.	L.E.	L.E.
Net Sales "Sales Revenue"	(27)	3,681,089,383	2,687,049,271
Cost of sales	(28)	(1,979,370,358)	(1,508,309,043)
Gross profit		1,701,719,025	1,178,740,228
Marketing expenses	(29)	(479,817,922)	(398,084,895)
Research and development expenses	(30)	(32,619,005)	(32,036,739)
General and Administrative expenses	(31)	(110,555,163)	(93,433,989)
Board of Directors allowances		(1,750,000)	(1,363,380)
Financing expenses	(32)	(279,276,989)	(122,997,298)
Formed from Expected credit losses		(8 000 000)	(15,000,000)
Formed from inventory value write-down		(55 000 000)	(31,000,000)
Formed from provisions	(33)	(137 000 000)	(95,000,000)
Total Expenses		(1,104,019,079)	(788,916,301)
Add:			
Dividends of associates companies	(35)	35,697,166	33,376,441
Credit interest		21,191,770	12,918,097
		56,888,936	46,294,538
Add/(Deduct):			
Capital gain		3,530,765	991,521
Gain (Loss) from foreign currencies exchange differences		178,098,135	103,285,383
Other income		17,078,616	5,729,962
Net profit for the period before taxes		853,296,398	546,125,331
Income tax for the period	(20)	(200,360,270)	(124,200,817)
Deferred tax – Asset (Liabilities)	(20)	1,494,696	3,153,375
Takaful Contribution	(34)	(10,284,704)	(7,287,550)
Profit for the period after tax		644,146,120	417,790,339
Distributed as follows:			
Profits of the holding company		568,706,529	377,648,486
The share of the holding company from associated company		74,405,010	39,591,348
Non-Controlling interests (Minority) shares of subsidiaries companies' profits		1,034,581	550,505
		644 146 120	417,790,339

- The accompanying notes are an integral part of these financial statements.

Acting as chief financial officer

Mohamed Taha Elswify

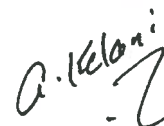


Chairman and Managing Director

Dr. Ahmed Said Mohamed Kilani

Translation of Financial Statements

Originally Issued in Arabic



EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EIPICO
CONSOLIDATED OTHER COMPREHENSIVE INCOME STATEMENT
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

(Amounts expressed in LE)

	<u>30/09/2023</u>	<u>30/09/2022</u>
	<u>L.E</u>	<u>L.E</u>
Profit of the period	644,146,120	417,790,339
Differences on foreign currency valuation	--	--
Adjustments on joint venture share	--	--
Total of comprehensive income of the period	<u>644,146,120</u>	<u>417,790,339</u>

- The accompanying notes are an integral part of these financial statements.

Acting as chief financial officer
Mohamed Taha Elswify



Chairman and Managing Director
Dr. Ahmed Said Mohamed Kilani



EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EIPICO
CONSOLIDATED STATEMENT OF CHANGES IN PARTNERS' EQUITY FOR THE FOR THE PERIOD ENDED
SEPTEMBER30,2023
(Amounts expressed in LE)

<u>Description</u>	<u>Paid-up Capital L.E.</u>	<u>Legal Reserve L.E.</u>	<u>General Reserve L.E.</u>	<u>Capital Reserve L.E.</u>	<u>Expansions Reserve L.E.</u>	<u>Retained Earning L.E.</u>	<u>Total equity of the holding company L.E.</u>	<u>Non-controlling rights L.E.</u>	<u>Total L.E.</u>
Balance as of January 1, 2022	991,705,000	343,557,403	175,749,836	80,160,435	851,659,000	527,817,056	2,970,648,730	2,820,166	2,973,468,896
Retained earnings	--	--	--	--	--	(388,202,374)	(388,202,374)	(407,992)	(388,610,366)
Adjustments of 2022	--	26,113,604	(4,354,946)	30,000,000	--	(51,758,658)	--	24,773	24,773
Transferred to reserves	--	--	--	--	--	(13,710,657)	(13,710,657)	(161,864)	(13,872,521)
Dividends "EIACO"	--	--	--	--	--	27,616,000	27,616,000	--	27,616,000
Net profit of the year	--	--	--	--	--	642,982,324	642,982,324	777,852	643,760,176
Balance as of 31/12/2022	991,705,000	369,671,007	171,394,890	110,160,435	851,659,000	744,743,691	3,239,334,023	3,052,935	3,242,386,958
Balance as of 1/1/2023	991,705,000	369,671,007	171,394,890	110,160,435	851,659,000	744,743,691	3,239,334,023	3,052,935	3,242,386,958
Increase in capital of Epico	495,852,500	--	--	--	--	--	495,852,500	--	495,852,500
Distributed Dividends	--	--	--	--	--	(670,598,324)	(670,598,324)	(799,960)	(671,398,284)
Retained earnings	--	--	--	--	--	3,727,569	3,727,569	114,462	3,842,031
Adjustments of 2023	--	--	--	(90,000,000)	90,000,000	--	--	--	--
Transferred to reserves	--	32,254,605	--	--	300,000,000	--	332,254,605	38,893	332,293,498
Dividends "EIACO"	--	--	--	--	--	34,520,000	34,520,000	--	34,520,000
Net profit of the period	--	--	--	--	--	643,111,539	643,111,539	1,034,581	644,146,120
Balance as of 30/9/2023	1,487,557,500	401,925,612	171,394,890	20,160,435	1,241,659,000	755,504,475	4,078,201,912	3,440,911	4,081,642,823

- The accompanying notes are an integral part of these financial statements.

Acting as chief financial officer

Mohamed Taha Elswify



Chairman and Managing Director

Dr. Ahmed Said Mohamed Kilani



EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EIPICO

**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED SEPTEMBER 30, 2023**

(Amounts expressed in L.E.)

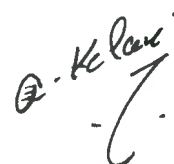
	<u>30/9/2023</u> <u>L.E</u>	<u>30/9/2022</u> <u>L.E</u>
<u>Cash flows from operating activities:</u>		
Net profit (Loss) for the period before tax	853,296,398	546,125,331
<u>Adjustments:</u>		
Fixed assets depreciation	76,118,024	72,677,390
Amortization for the right of use assets	1,404,108	1,401,586
Formed from Expected credit losses	8,000,000	10,335,364
Formed from inventory value Write-down	55,000,000	3,902,319
Formed from provisions	137,000,000	95,000,000
Used from inventory value Write-down	(56,634,441)	--
Used from provisions	(41,286,685)	(44,329,519)
Amortization of intangible assets	350,899	99,312
Credit interest	(17,228,711)	(12,038,753)
Dividends collected	(6,717,331)	(12,510,120)
Revaluation of investments	(28,979,834)	(20,866,321)
Debit interest	265,223,503	103,577,438
Capital loss (Gain)	(3,530,765)	(991,521)
Loss (Gain) from foreign currencies exchange differences	(221,323,005)	(103,285,383)
Payments for unusual items	(13,997,169)	(2,588,380)
Adjustments Retained earnings	34,520,000	27,616,000
	<u>1,041,214,991</u>	<u>664,124,743</u>
Change in accounts and notes receivables and other debit balances	(684,542,076)	(393,868,811)
Change in inventory	(71,761,223)	(223,237,921)
Change in suppliers and notes payables and other credit balances	(72,153,315)	(70,810,431)
Collected from unusual items	13,997,169	2,588,380
Payment for leasing contracts	(1,562,981)	(1,513,537)
Paid Interest	(265,223,503)	(103,577,438)
Paid tax	(59,573,637)	(42,909,297)
Net cash flows from (used in) operating activities	<u>(99,604,575)</u>	<u>(169,204,312)</u>
<u>Cash flows from investment activities:</u>		
Payments for financial instrument	(84,000,000)	--
Payments for purchase fixed assets and projects under constructions	(2,067,934,241)	(365,592,748)
Proceeds from the sale of fixed assets	3,591,240	1,040,117
Dividends collected	6,717,331	12,510,120
Credit interest	17,228,711	12,038,753
Net cash flows (used in) investment activities	<u>(2,124,396,959)</u>	<u>(340,003,758)</u>
<u>Cash flows from financing activities:</u>		
Increase in capital	495,852,500	--
Dividends	(309,158,367)	(392,485,686)
Proceeds from credit banks	224,855,026	844,540,164
Proceeds from banks (long-term and short-term credit facilities)	(70,692,936)	(138,309,541)
Proceeds in loans (long-term loans)	1,844,732,244	271,795,104
Cash flows (used in) financing activities	<u>2,185,588,467</u>	<u>585,540,041</u>
Net change in cash and cash equivalents during the period	<u>(38,413,067)</u>	<u>76,331,971</u>
Cash and cash equivalents at the beginning of the period	<u>482,969,378</u>	<u>311,587,051</u>
The effect of changes in foreign exchange rates and equivalents	<u>221,323,005</u>	<u>103,285,383</u>
Cash and cash equivalents at the end of the period	<u>665,879,316</u>	<u>491,204,405</u>

- The accompanying notes are an integral part of these financial statements.

Acting as chief financial officer
Mohamed Taha Elswify



Chairman and Managing Director
Dr. Ahmed Said Mohamed Kilani



EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EIPICO
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED SEPTEMBER 30, 2023

1 BACKGROUND ABOUT SUBSIDIARIES COMPANIES

The Egyptian International Company for Ampoules (EIACO)

The company was established in accordance with the provisions of Investment Law No. (8) and its executive regulations for the purpose of manufacturing pharmaceutical ampoules.

2 THE MOST IMPORTANT ACCOUNTING POLICIES

2.1 Basis Of Preparing Consolidated Financial Statements:

The consolidated financial statements of the Egyptian International Pharmaceutical Industries were prepared from the independent financial statements of the Egyptian International Pharmaceutical Industries and its subsidiary company - the Egyptian International Company for Ampoules (EIPICO) - and the company's contribution to it was 98.63%, and the rest was 1.37% by other shareholders.

The financial statements are prepared in accordance with Egyptian accounting standards and in light of the relevant Egyptian laws and regulations.

The financial statements are prepared using the historical cost basis and in accordance to Going concern assumption.

Accounting Estimates

The preparation of financial statements in accordance with Egyptian accounting standards requires that the best assumptions and estimates made by management be relied upon and what it deems appropriate to develop and apply accounting policies to reflect the economic substance and content of the transactions that are carried out and related to the company's underlying activity (current activity income, asset impairment, deferred taxes, fair value of financial instruments), and therefore those estimates and assumptions made in the light of the best data and information available to management may directly affect revenue values and costs. Related to these estimates and the values of the assets and related obligations in the event that the estimates set at the date of the preparation of the statements differ from the actual reality in the following financial periods, without compromising the extent to which the financial statements express the reality of the company's financial position and cash flows for the current period.

Consolidation Procedure

The consolidated financial statements are prepared by compiling the financial statements of the Egyptian Pharmaceutical Company for Pharmaceutical Industries with the financial statements of the subsidiaries in detail by compiling similar items of assets, liabilities, equity, revenues and expenses in order to present the consolidated financial statements financial information about the group as if it were a single entity and following the following steps when preparing the financial statements bundled:

- The book value of the holding company's investment in each subsidiary company is disposal with the holding company's share of equity in each subsidiary company.
- The rights of the non-controlling interest are determined in the net profit/loss of the subsidiaries.
- The rights of the non-controlling interest in the net assets of the consolidated subsidiaries are determined and presented in the financial statements independent of the equity of the shareholders of the parent company.
- Balances resulting from transactions exchanged between group companies as well as group transactions, including income (sales), expenses and dividends, are completely excluded, and profits or losses resulting from group transactions are completely excluded.
- Consolidated financial statements are prepared using uniform accounting policies for similar transactions and for events in the same circumstances.
- The distribution of the acquisition cost (investment cost) has been proven on the basis of the book cost of the assets and liabilities of the subsidiaries and not the fair value of those assets and liabilities, and what increased the acquisition cost over the parent company's share in the book value of the net assets of the subsidiary was recorded in the company's retained earnings (losses) for Holding company.

2.2 Measurement Currency and Translation Of Transactions In Foreign Currencies.

(a) Measurement currency

The financial statements are presented in Egyptian pounds, which is the company's measurement currency.

(B) Translation of foreign currency transactions

Its group of books adheres to the Egyptian pound and foreign currency transactions during the period on the basis of the exchange rate recorded in the books on the appropriate exchange date and Asset balances and liabilities of a monetary nature in foreign currencies are assessed on the date of preparation of financial statements in accordance with the exchange rates prevailing within the free market for foreign exchange on that date, with the remeasure output included in the profit or loss statement.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Fixed assets and depreciation

Fixed assets are recorded at their historical cost - the cost of acquisition - and the asset shall be depreciated when available for use, i.e., when the asset becomes effectively operational in the manner specified by management.

-The gain or loss resulting from the disposal of fixed assets is recognized in the profit or loss statement.

-The capitalization of expenses depends on the carrying amount of the asset when the asset reaches the location and condition in which it was acquired and capable of operating in the manner intended by the administration.

-Subsequent expenses are added to the book value of the asset or recognized separately - as the case may be - only when the use of this item is likely to bring future economic benefits to the Company, and the acquisition cost of this item can be measured with a high degree of accuracy, and repair and maintenance expenses are charged with the profit or loss statement for the fiscal year during which those expenses were incurred.

The remainder of the productive and expected age of the assets is periodically reviewed and if the remainder of the expected productive life differs substantially from the basic estimate, the net book value is depreciated on the remaining productive life after adjustment.

In addition to recalculating the depreciation premium after deducting the impairment value of the net asset value over the remaining productive life, the depreciation value should be recalculated if the impairment is refunded as if the impairment had not been calculated before.

Subsequent expenses on asset acquisition

The main components of some fixed assets may need to be replaced at time intervals and these key components are treated as separate fixed assets because their productive life is different from the estimated production age of the underlying asset and therefore if these assets meet the terms of recognition of the asset, the use of this asset is likely to bring future economic benefits to the enterprise and the enterprise can measure the cost of acquiring the asset with a high degree of accuracy.

Expenses that occur to replace or renew asset components can be accounted for when acquired as new assets and the value of replaced or renewed assets is excluded from accounting records and books.

Subsequent expenditures on the acquisition are capitalized only if it is expected that it will result in an outflow of future economic benefit to the company.

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EIPICO
Notes To The Consolidated Financial Statements For The Period Ended June 30, 2023

Depreciation

The depreciable fixed asset value - which is the cost of the asset minus its residual value, is depreciated according to the straight-line method over the estimated useful life of each type of fixed asset, and the depreciation is charged to the profit or loss statement (land is not depreciated) and the following is a statement of ages Estimated productivity:

<u>Asset Description</u>	<u>Estimated Life in Years</u>
Administration Buildings & Structures	50
Factory Buildings & Structures	50
Production activity machines	15
Service machines & Utilities	15
Means of Transportation	5
Tools	5
Office Furniture & 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.

The cost of replacing a component of a fixed asset is recognized within the cost of the asset after excluding the cost of that component when the company incurs that cost, if it is probable that future economic benefits will flow to the company as a result of such replacement, provided that its cost can be accurately measured. The future economic benefits of fixed assets, and all other expenses are recognized in the profit or loss statement as an expense when incurred.

3.2 Intangible Assets

They are the assets that the company controls and from which future economic benefits are expected to flow. These assets result from costs incurred to acquire intangible assets in the event that there is a high degree of certainty that the economic benefits will be realized.

The cost of an intangible asset includes its purchase costs or direct and indirect costs related to preparing the intangible asset for use in the purpose for which it was acquired. It has a specific useful life to verify impairment by comparing the recoverable amount to the book value annually, as well as when there is an indication of impairment of the value of the intangible asset, and any increase in the book value over the recoverable value is recognized as an impairment loss in the profit or loss statement.

3.3 Projects under construction:

All costs incurred by the Company in establishing fixed assets in building projects are proven under implementation and when the completion of the asset is completed, it is ready for use for the purpose for which the costs are converted to the fixed asset line.

3.4 Leasing contracts

Egyptian Accounting standard (49) replaces Egyptian Accounting Standard No (20) rules and standards related to financial leasing operations.

Lease Contract Obligations

At the commencement date of the lease , the company measures the lease liability at the present value of the unpaid lease payments on that date using the implicit interest rate in the lease contract , if the rate can be easily determined and other than that by using the interest rate on the company 's additional borrowing and then later the company increases the carrying amount of the obligation to reflect the interest of the lease commitment and the note book is reduced to reflect payments.

Right of use assets

The company recognizes right of use assets on the start date of the lease contract with the initial measurement amount of the lease in addition to the initial direct expenses , the advance payments paid to lessor and the lease incentives received from the lessor (if any) are subtracted and added the costs incurred by the company in dismantling and removing the assets and returning the site where the assets were kept to it's original condition or return the assets to the required condition in accordance with the terms and conditions of the lease.

After the starting date of the lease, the company measures the Right-of-use asset at cost less any cumulative impairment losses and accumulated depreciation, adjusted as a result of any re-assessment of the lease obligations. The right of use asset is depreciated from the starting date of the lease contract until the end of the useful life of the asset, if the lease contract transfers the ownership of the underlying asset to the company at the end of the lease term or if the company will exercise the purchase option. Otherwise, the company consumes the right of use asset from the starting date of the lease contract to the end of the useful life of the right of use asset or the end of the lease term, whichever earlier.

The company chose not to apply the requirements of the standard to the short-term lease contracts and to contracts in which the underlying asset has a small value.

The Company as lessee

The Egyptian accounting standard No 49 provides the lessee with an accounting model , where the lessee recognizes the right to use the leased asset within the company's assets also recognizes the liability which presents the present value of the unpaid lease payments within the company's obligations , bearing in mind that the lease contracts for the lessee is not classified as an operating lease contract or financing lease contract and there are optional exemptions for short term lease contracts and lease contracts for low value assets.

The Company as lessor

The lessor must classify each of its lease contracts either as an operating lease or as a finance lease contract. A lease contract is classified as a finance lease contract if it essentially transfers nearly all the risks and benefits resulted from owning the assets listed in the contract. A lease contract is classified as an operating lease contract if it essentially transfers nearly all the risks and benefits resulted from owning the assets listed in the contract.

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EIPICO
Notes To The Consolidated Financial Statements For The Period Ended June 30, 2023

Finance lease

The lessor must recognize the assets held under finance lease in the statement of financial position and present them as amounts that are receivable in an amount equal to the net investments in the contract.

And the company use the interest rate implicit in the lease contract to measure the net investments in the contract. The rent payments listed in measuring the net investments in the contract consists of payments arising from the right to use the underlying asset during the lease term that have not been received at the start of the contract. The company recognizes finance income over the term of the lease, on a pattern that reflects a constant periodic rate of return of the lessor's net investments.

Operating lease

The lessor shall recognize lease payments from operating lease contracts as an income either by straight line method or in any organized method.

3.5 Investments in subsidiaries

Investments are included in companies in which the company owns a significant percentage of the capital shares of those companies, which enable it to achieve control or control through financial and administrative influence or according to the criterion of the share ratio, and the right to vote within investments in subsidiaries, where those investments prove the cost - the cost of acquisition - at the date of issuance of the purchase order, and the cost of those investments is reduced by the value of the non-temporary decrease - if any - load on the profit or loss statement for each investment individually.

3.6 Investments in associate companies

Associate companies are those on which the Group exerts great influence. The big impact is the company's ability to participate in the financial and operational decisions of the company invested in it, but it is not a common control or control over these policies.

Investments in associate companies are proven at cost, and in the event of a permanent decrease in the value of those investments, the book value is adjusted for this decrease and uploaded to the profit or loss statement for each investment individually.

The following is a statement of the group's associate companies:

	Contribution Nature	Contribution Percentage
EIPICO Tech Pharmaceutical Company (under liquidation)	Direct	98.6%

The results of the assets and obligations of associate companies are included in these financial statements using the equity method under which the investment in the associate company is recorded at cost in the statement of financial position and the cost is then adjusted so that the company's share in the profit or loss and other comprehensive income of the

associate company is recorded. When the company's share in the associate company's losses exceeds its ownership (which includes any long-term ownership that forms part of the company's net investment in the associate company), the company ceases to recognize its share of the additional losses and record additional losses only to the extent that the company incurs legal or contractual obligations or makes payments on behalf of the associate company. If the associate company subsequently registers profits, the company registers its share of these profits only when its share of the profits is equal to its share of the recognized losses.

Non-current assets held for sale

Assets held for sale are assets whose book value is expected to be recovered mainly from a sale and not continued to be used, with the probability of selling the asset high through a plan to sell and market the asset, and the non-current assets held for sale are measured on the basis of the book value of those assets and the loading of the profit or loss statement of losses resulting from the impairment of those assets, if any.

3.7 Financial investments at fair value through profit and loss

Investments at fair value through profit or loss are financial assets classified either as assets held for trading purposes and acquired for the purpose of selling in a short period of time, or financial assets that were classified upon initial recognition of fair value through profit or loss, and the initial recognition of those investments at fair value Through profits or losses at fair value, and investments are re-measured at fair value through profits or losses at fair value, and gains and (losses) of fair value differences are recognized in the consolidated-income statement.

3.8 Revenue Recognition

Revenue is measured at the fair value of the consideration received or owed to the company, minus the value of returns, trade discounts, and quantity discounts. The benefits and risks of ownership of the sold goods to the buyer upon receipt of the sold goods.

In the case of export sales, the transfer of risks and benefits to the goods is determined in accordance with the conditions of shipment.

Egyptian Accounting Standard No. 48 "Revenue from contracts with customers"

Egyptian Accounting Standard No. (48) replaces Egyptian Accounting Standard No. (8) "Construction Contracts" and Egyptian Accounting Standard No. (11) "Revenue." The standard shall be applied on or after January 1, 2021, and the new revenue standard introduced a five-step model based on accounting principles regarding the recognition of revenue when control of the goods is transferred to, or services are provided to the customer. These five steps are as follows:

Step 1: Determining the contracts concluded with clients, whether verbally or in writing, or in accordance with normal business practices.

Step 2: Specify the performance obligations in the contract, whether for the goods or services to be transferred.

Step 3: Determining the transaction price and payment terms for the goods or services to be transferred.

Step 4: Allocating the transaction price to the performance obligations.

Step 5: Revenue is recognized when the entity fulfills its performance obligations.

The standard requires entities to exercise an accounting estimate considering all relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the method of accounting for the incremental costs of obtaining a contract and costs directly related to fulfilling a contract.

The company has applied the new accounting policy set out in note (2-2), and there is no significant impact from the application of Egyptian Accounting Standard No. (48) "Revenue from contracts with customers" on the retained earnings on January 1, 2021, and on the method of proving the company's revenues.

3.9 Financial Instruments

The application of Egyptian Accounting Standard No. 47 Financial Instruments as of January 1, 2021, led to changes in accounting policies and resulted in adjustments to the amounts recognized in the financial statements as of December 31, 2020. The balances of profits were influenced by the opening phase on January 1, 2021.

Egyptian Accounting Standard No. 47 defines financial instruments as requirements for verifying and measuring financial assets, financial obligations and certain non-financial contracts except for rights and obligations under lease contracts to which Egyptian Accounting Standard No. 49 "Lease contracts" applies. However, the debtor's lease liabilities recognized by the lessor are subject to the requirements of de-recognition and depreciation in accordance with this standard, which replaces the Egyptian accounting standard no. 29 "financial instruments - recognition and measurement".

Initial recognition

The Company initially recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the financial instruments.

Classification and measurement of financial assets and financial obligations.

Egyptian Accounting Standard 47 Financial Instruments contains three main financial asset classification categories measured by consumable cost, fair value through other comprehensive income and fair value through profits or losses. The classification of financial assets under Egyptian accounting standard No. 47 financial instruments" generally depends on the business model in which the financial asset is managed and its contractual cash flow characteristics.

Egyptian Accounting Standard No. 47 eliminates financial instruments" Egyptian accounting standard No. 29 Financial Instruments - Recognition and Measurement" previously held up to maturity, loans and debits available for sale.

However, Egyptian accounting standard 47 Financial Instruments largely retains the current requirements in The Egyptian Accounting Standard No. 29 Financial Instruments - Recognition and Measurement" for the classification and measurement of financial obligations.

They are classified as follows:

Financial assets at amortized cost

The financial asset is kept within the business model of the financial assets held to collect contractual cash flows. The purpose of the business model is to retain the financial assets to collect the pure contractual flows that are presented in the principal amount of the investment and returns. The sale is an exceptional incidental concern for the purpose of this model and under the conditions set out in the standard of a deterioration in the credit capacity of the financial management source. Lowest sales in terms of cyclicity and value. A clear and reliable documentation process should be carried out for the justifications of each sale and its compatibility with the requirements of the standard.

Financial assets at fair value through comprehensive income

The financial asset is retained within the business model of the financial assets held to collect contractual cash flows and sell, both contractual cash flow collection and sale are integrated to achieve the model objective. Sales are high in cyclicity and value compared to the retained business model to load contractual cash flows.

Financial assets at fair value through profits and losses

The financial asset is retained among other business models that include trading, managing financial assets on a fair value basis, maximizing cash flows by sale. The objective of the business model is not to retain the financial asset, collect contractual cash flows or hold it to collect contractual cash flows and sell, collect contractual cash flows as an incidental event for the model objective.

Business Model Assessment

The Company assesses the business model in which the asset is held at a portfolio level because this best reflects the way the business is run, and information is presented to management. The information considered includes:

The announced policies and objectives of the portfolio and the mechanism of action of those policies in practice, and to find out whether the management strategy is based on earning contractual interest income or a competition for his financial assets, the duration of the financial obligations that finance those assets or the realization of cash flows through the sale of assets.

How to evaluate the performance of the portfolio and submit a report in this regard to the company's management.

The risks that affect the performance of the business model and the financial assets held in that business model and how these risks are managed.

The number of deals, the volume and timing of sales in previous periods, the reasons for these sales and their expectations regarding future sales activity. However, information about sales activity is not considered separately but rather as part of a comprehensive assessment of how the company's stated objective of managing financial assets is being achieved and how cash flows are achieved.

Financial assets that are held for trading or whose performance is evaluated on a fair value basis are measured at FVTPL because they are not held to collect contractual cash flows only and are not held to collect contractual cash flows with the sale of financial assets.

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Financial assets held for trading or whose performance is assessed on a fair value basis are measured at fair value by profits and losses because they are not held to collect contractual cash flows only and are not held to collect contractual cash flows with the sale of financial assets.

Impairment of assets

Egyptian Accounting Standard 47 Financial Instruments replaces the incurred loss model in Egyptian Accounting Standard 29 Financial Instruments - Recognition and Measurement with the "Expected Credit Loss (ECL)" model. The new impairment model applies to financial assets measured at amortized cost and customers.

For impaired customer receivables, expected credit losses are estimated as the difference between all contractual cash flows due to the company in accordance with the contract and all cash flows that the company expects to receive, discounted at the original effective interest rate in accordance with the contract entered into.

Expected credit losses in a weighted estimate of credit losses. It is made taking into account the cash flows expected to be received, the probability of default and the loss rate at default (ie the size of the loss if there is a default) taken into account and the relevant assessment is based on historical delay data adjusted by specific customer factors and forward-looking information that includes macroeconomic factors.

The Company determines the ECL based on the number of days of delay, which is determined to be predictive of the risk of loss in accordance with Egyptian Accounting Standard No. 47 Financial Instruments.

The determinants of expected developmental losses result in three scenarios (Probability of Default - Vulnerability to ECL - Loss at Default).

Weighted ECL is calculated at three levels basic - best - worst for all three stages (12 months and lifetime ECL).

Customer indebtedness is written off (either partially or in full) when there is no reasonable expectation of recovery of all or part of the financial asset. This is generally the case when the company determines that the lessee does not have assets or sources of income that could generate sufficient cash flow to pay the amounts subject to the write-off.

This assessment is carried out on an individual level for each client. Recoveries of amounts that were previously written off are included in the "impairment losses of financial instruments" in the statement of profit or loss and other comprehensive income. The financial assets that have been written off may remain subject to legal procedures in application of the company's procedures to recover the amounts due.

A three-stage approach is applied to measure the expected credit losses from financial assets recorded at amortized cost and debt instruments at fair value through other comprehensive income. The assets move between the following three stages based on the change in credit quality since its first recognition as follows:

Stage one: 12-month expected credit loss.

The first stage includes financial assets on initial recognition that do not have a significant increase in credit risk since initial recognition or that have relatively low credit risk. For these assets, 12-month expected credit losses are recognized and interest is calculated on the total carrying amount of the assets (without deducting the provision for credit). ECL is the expected credit loss that may result from potential failures within 12 months after the date of the financial statements.

Stage Two: Lifetime Expected Credit Loss - With no credit impairment

The second stage includes financial assets that have a significant increase in credit risk from initial recognition, but there is no objective evidence of impairment. Expected credit losses are recognized over the life of the assets, but interest continues to be calculated on the total book value of the assets. Lifetime expected credit loss The expected credit loss arising from all possible failures over the expected life of the financial instrument.

Stage Three: Lifetime Expected Credit Loss - Credit Impairment

The third stage includes financial assets for which there is objective evidence of impairment at the date of the financial statements. For these assets, expected impairment losses are recognized over the life.

Non-Financial Assets

The book values of the company's non-financial assets other than deferred tax assets are reviewed on the date of financial statements to determine whether there is an impairment indicator. Impairment loss is recognized if the book value of the asset or its cash-generating unit exceeds its recovery value. The cash-generating unit is the smallest identifiable set of assets that generate inward cash flows and are largely independent of cash flows from other assets or asset groups. The loss of impairment is recognized in the profit or loss statement. The recovery value of the asset or unit generating cash is its usage value or fair value, minus the sales costs, whichever is larger.

Impairment losses recognized in previous periods of other assets are reviewed in the financial statements 's history. If there are indications of a decrease or absence of loss. The impact of impairment losses is reversed within limits where the book value of the asset does not exceed Its value that would have been determined (after depreciation) if the loss of impairment hasn't been recognized.

The company relies on calculating the decrease in value based on a detailed balance and forecast calculations, which are prepared separately for each cash generating unit of the company where the individual asset is allocated covering the financial statements forecasts usually a period of one to five years, the long-term growth rate is calculated and applied to the future cash flows of the project after the fifth year.

Impairment losses are included in the independent comprehensive income statement among expenses that correspond to the low-value asset function.

De-Recognition of Financial Assets

The company only cancels the recording of financial asset when:

The expiration of contractual rights in the cash flows of the financial asset.

The transfer of contractual rights in receiving cash flows from the financial asset and transfer approximately all risks and rewards of ownership of the high asset or maintaining contractual rights to receive cash flows from the financial asset with a contractual obligation to pay cash flows to one or more recipients and transfer approximately all risks and rewards of ownership of the financial asset.

The transfer of contractual rights to receive cash flows from the financial asset without transferring or meeting approximately all risks and rewards for ownership of the financial asset if it has not retained control of the financial asset. Or maintaining contractual rights to receive cash flows from the financial asset, with a contractual obligation to pay cash flows

to one or more recipients without transferring or to maintain approximately all risks and rewards for ownership of the financial asset if they have not maintained control of the financial asset.

When derecognizing the financial asset, the difference between the book value (measured on the date of cancellation)

The corresponding recipient (including any new asset obtained minus any new obligation that has been borne) is recorded in the profit or loss statement.

Financial Obligations

Financial obligations when it's first recorded are classified at fair value through profit or loss and the costs of direct transaction are recorded in the profit, loss and other comprehensive profit or loss statement when incurred. Financial obligations are measured at fair value through profits or losses at fair value and changes including any interest allowance are recorded in profit or loss and other comprehensive income non-derivative financial obligations are measured initially at fair value minus any direct transaction costs subsequent to the initial record of the obligation, which are measured at the cost consumed using the actual interest rate.

Classification And Subsequent Measurement

The Company categorizes all financial obligations as subsequently measured by the cost consumed except financial obligations at fair value through the profit, loss and other comprehensive income statement - financial obligations established when transferring an ineligible financial asset for exclusion or when applying the continuous participation method.

Financial Guarantee Contracts

All financial obligations of the Company are subsequently carried out at the cost consumed using the actual interest rate, the cost consumed is calculated by taking into account any discount or in addition to acquisition, fees or costs that are great parts of the actual interest rate, and the actual interest rate is included as financing costs in case of profit or loss.

De-recognition of financial obligations

The recording of financial obligations is cancelled when contractual obligations are paid, cancelled or expired, and when an existing financial obligation is replaced by another lender on completely different terms, or when the terms of a current obligation are fundamentally adjusted, such replacement or modification is treated as cancellation under the original financial obligation with the recording of the new obligation, the difference between the relevant book value in the statement of profit or loss and other comprehensive income is established.

Clearing financial instruments

Assets and financial obligations are cleared and net positioned on the financial position statement when there is a binding statutory right to settle the fixed amounts and when there is an intention to settle assets with net obligations in order to sell assets and pay off obligations simultaneously.

Managing Risks related to Financial Instruments

The financial tools for balance sheet accounts are cash, debit and credit balances and balances with banks. The following are the most important risks related to these financial tools and the most important procedures that the company follows to reduce the impact of these risks:

A. Credit Risk

Credit risk is the inability of one client to a financial asset to meet its obligations, causing a financial loss to the other client. To reduce this risk, the company distributes the indebtedness to many clients with strong and stable financial positions. The company also obtains, whenever possible, appropriate guarantees to reduce the credit risk to a minimum. Also, bank balances are deposited with financial institutions of good credit standing.

B. Liquidity Risk

The liquidity risk represents factors that could affect the full or partial repayment of the company's commitments when due. The company's approach is to ensure a sufficient level of liquidity is available to meet its liabilities when due.

C. Foreign Currency Risk

Foreign currency risk is the risk of loss resulting from changes in exchange rates. To minimize the effects of such risk, the company considers balancing its foreign currencies positions.

D. Capital Management Risk

The company's policy regarding capital management is to maintain a strong capital base to maintain equity, creditors and market confidence as well as the continued development of the company's activity in the future and to maintain the best structure for total investment.

3.10 Revenues and financing costs

The company's finances and revenues include the following:

- Credit interest (using the effective interest rate).
- Debit Interest (using the effective interest rate).
- Gains or losses from currency differences related to the translation of financial assets and liabilities.

3.11 Expense

All procurement and sales expenses, including general and administrative expenses, are recognized in accordance with the basis of maturity.

3.12 Income Tax

Current tax and deferred tax are recognized as revenue or as an expense in period profits or losses, except in cases where the tax arises from a process or event recognized - in the same period or in a different period - outside profits or losses either in other comprehensive income or within the rights of partners directly or grouping businesses.

Current income taxes

Current taxes are recognized for the current period and previous periods that have not yet been paid as a liability, but if taxes already paid in the current period and previous periods exceed the value due for these periods, this increase is recognized as an asset. Current tax liability values for the current period and previous periods are measured by the expected value of their return from tax administration, using tax rates or applicable tax laws or in the process of being issued at the end of the financial period.

Deferred Income Taxes

Deferred tax is recognized for temporary differences between the accounting basis of assets and liabilities and the tax basis of those assets and liabilities. Deferred tax is recognized for all temporary differences expected to be taxed except for the following:

First recognition of the asset or practical obligation that does not affect net accounting profit or tax profit (tax loss: temporary differences associated with investments in subsidiaries and associate companies and shares in joint ventures to the long term in which the timing of the reversal of those temporary differences can be controlled and it is likely that such differences will not be reversed in the foreseeable future

The tax asset arising from the deportation of tax losses, the right to unused tax deduction and temporary deductible differences is recognized when there is a strong possibility that taxable profits can be made in the future through which the asset can be used. Future tax profit is determined by the company's future business plan. The location of unrecognized deferred tax assets is revalued at the end of each financial period and recognizes previously unrecognized deferred tax assets to the extent to which a tax profit is likely in the future to accommodate the value of the deferred tax asset. Deferred tax is measured using tax rates expected to be applied when temporary differences are achieved using applicable or in the process of issuing tax rates - when measuring deferred tax at the end of the financial period, the tax effects of the company's procedures for recovery or payment of the book value of its assets and obligations are taken into account.

No clearing of tax assets and obligations is made unless certain conditions are met

Deferred tax assets of the facility are recognized when there is a strong possibility that taxable profits can be made in the future through which this asset can be used and the value of deferred tax assets is reduced by the value of the portion from which the expected tax benefit will not be realized in the following years.

3.13 Accounts Receivable, Debtors and other Debt Balances

Account receivable, debtors and other debit balances are recorded in the name value deducting any doubtful amounts which estimated at the end of the year when not probably collected the full amount, also decreasing customer's value and debtors value when definite the poor debts, and other debit balances recorded in the cost deducting the impairment losses value.

3.14 Reserves

Legal Reserve

According to the company's articles of association, 5% of the net profit is set aside to form a legal reserve. This percentage is stopped to be set aside if this reserve reaches 100% of the paid-up capital, and when the reserve is short, it is necessary to return to the deduction.

Investment projects financing reserve

Formed according to what was stated in the company's articles of association Article (52) Clause (5) and carried forward on the proposal of the Board of Directors to the next year or allocated to the creation of reserve money or money for extraordinary consumption

General Reserve

It shall be in accordance with Article (52) Clause (5) of the Articles of Association and this reserve is general to provide the company's self-financing to be invested in its various aspects of its activities, which leads to an increase in the company's working capital and the

Capital reserves

It represents the capital reserve and is formed by the value of the profits resulting from the sale of any fixed asset or compensation for it for more than its book value.

Other reserves

The general assembly may, upon the proposal of the Board of Directors, create other reserves

3.15 Creditors and other credit accounts

Creditors and other credit accounts are proven at face value and obligations (receivables) are recognized in future values for goods and services received.

3.16 Borrowing and credit facilities

Borrowing cost borrowing

- The initial recognition of the loans and credit facilities obtained by the company at fair value less the cost of the transaction, and these loans and facilities are subsequently measured by the cost consumed, with the profit or loss statement recognized by the difference between cash receipts from loans (less the cost of the transaction) and the value to be repaid on the maturity date over the life of the loan or facilitation using the actual interest method.

Cost of borrowing

The cost of borrowing is recorded as expenses incurred on the year in which the company incurred this cost and the borrowing costs incurred to finance fixed assets during the construction period are capitalized until the asset is economically ready for use.

Start capitalization.

Start capitalization of the cost of borrowing as part of the cost of the qualifying asset to bear the cost of borrowing when:

-The asset is spent.

- The origin incurred a borrowing cost.
- Activities to prepare the asset for use for its specific purposes or sale to third parties are currently being implemented.

Capitalization suspension

You should stop capitalizing the cost of borrowing during periods when effective asset construction is disrupted.

Stop capitalization

- The borrowing cost capitalization process must be completed when all the essential activities necessary to prepare the eligible asset are completed to bear the cost of borrowing for use for its specific purposes or to sell it to third parties.
- When parts of the asset eligible for borrowing are completed and each part can be used as the construction of the rest of the other parts continues, the borrowing cost capitalization of the finished parts should be discontinued as long as all essential activities necessary to prepare these parts are completed for use for specific purposes or for sale to third parties.

3.17 Impairment of assets:

Financial assets

The book value of company-owned assets - other than inventory and deferred tax assets - is reviewed on budget date to determine whether there are any indications of a decrease in their value and if such indicators exist, studies are prepared to determine the expected recovery value.

If the redemption value of the asset is lower than its book value, the loss of the depreciation of the asset is included as an expense in the profit or loss statement, after deducting any surplus revaluation previously configured for the same asset, and if the asset's recovery value is higher than its book value, the increase value is added to the shareholders' equity, but after deducting the losses of the decrease of the same asset loaded as an allowance that has already been included in the profit or loss statement.

Non-financial assets

The amount of cancellation of asset impairment losses is recognized as income unless the related assets are registered at a revalued value, in which case this cancellation is treated as an increase in the result of the revaluation value.

Transactions with related parties

The relevant parties are partners, directors and senior management of the company, and also represent companies controlled or jointly controlled or influential influence by those relevant parties, and the pricing terms and policies of transactions with the relevant parties are adopted by the Board of Directors and on the same grounds as dealing with third parties.

3.18 Employee benefits

3.18.1 Insurance and pension system

The company has one type of pension system, namely the defined contribution system, in which the company pays its subscription to the General Authority for Social Insurance systems on a mandatory basis, and the company has no other obligations once it has paid its obligations and recognizes the normal contributions as a periodic cost in the year of maturity and is included within the cost of employment.

3.18.2 Employees' share of profits

According to the company's articles of association, a percentage of the net profits of the year is allocated for distribution to the company's employees and workers in accordance with the rules proposed by the company's board of directors and approved by the general assembly. No obligations are recorded for the employees' share of profits before the approval of the general assembly.

3.18.3 End of Service Benefits

The employee's end-of-service gratuity is due upon reaching the age of referral for the legal pension, and it is disbursed in accordance with the end-of-service gratuity regulation approved by the Board of Directors.

3.19 Amended Egyptian Accounting Standards

Minister of Investment Decision No. (110) of 2015 was issued on July 9, 2015 regarding the issuance of the Egyptian Accounting Standards, to be implemented as of January 1, 2016.

3.20 Other comprehensive income statement

Income and expenses items (including re tab adjustments that are not recognized in profits or losses include the "profit or loss statement" as required or permitted by other Egyptian accounting standards.

3.21 Total comprehensive income statement

It's the change in the rights of partners during the year resulting from other transactions and events except changes resulting from transactions with owners as such, and total comprehensive income includes all items of both "profits or losses" and "other.

3.22-Statement Of Cash Flows

The cash flow statement is prepared using the indirect method and includes cash and cash in its judgment on cash balances in the Fund, bank current accounts and short-term deposits.

3.23-Capital common stock

Transaction costs directly related to the issue of ordinary shares are accounted for by deducting from equity, income tax associated with transaction costs related to equity is accounted for in accordance with Egyptian Accounting Standard No. (24) "Income Taxes".

3.24 Cash and Cash Equivalents:

For the purpose of preparing the statement of cash flows, cash and cash equivalents comprise cash balances of banks, funds and demand deposits, as well as bank overdraft balances payable on demand, which form an integral part of the Company's money management system.

3.25 Dividends

Dividends are established as obligations in the fiscal year in which these distributions are approved by the General Assembly.

3.26 Earnings per share Profit (losses)

The basic share of profits (losses) is calculated by dividing the net profit or (losses) for the year / period by the weighted average number of shares outstanding during the year / period. The statement is as if this event had taken place at the beginning of the first financial period to be presented in the submitted financial statements. The employees' share of profits and the share of the board of directors shall be deducted from the net profit of the year. It is sufficient to show the clarification of the share's share of profits in the consolidated financial statements only, in application of paragraph No. (4) According to the Egyptian Accounting Standard No. (22).

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Notes To the Consolidated Financial Statements For The Period Ended September30, 2023

4 FIXED ASSETS (NET)

<u>Description</u>	<u>Land</u>	<u>Buildings</u>	<u>Machines and equipment</u>	<u>Transportation and vehicles</u>	<u>Tools & equipment's</u>	<u>Furniture</u>	<u>Total</u>
	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>	<u>L.E</u>
Cost as of 1/1/2023	83,186,032	543,843,002	1,542,992,241	105,452,905	97,071,982	146,308,160	2,518,854,322
Additions during the period	--	--	39,283,300	1,003,379	6,259,275	6,731,231	53,277,185
Disposals during the period	--	(985,124)	(3,850)	(1,967,300)	(65,224)	(47,292)	(3,068,790)
Costs as of 31/12/2023	83,186,032	542,857,878	1,582,271,691	104,488,984	103,266,033	152,992,099	2,569,062,717
Accumulated Depreciation at 1/1/2023	--	266,648,127	1,016,637,536	92,689,690	74,545,357	98,419,505	1,548,940,215
Depreciation of the period	--	6,822,191	51,880,349	1,996,185	6,289,459	9,129,840	76,118 024
Accumulated of Disposals	--	(985,124)	(3,850)	(1,777,571)	(12,332)	(39,709)	(2,818,586)
Accumulated Depreciation at 30/9/2023	--	272,485,194	1,068,514,035	92,908,304	80,822,484	107,509,636	1,622,239,653
Net Cost in 30/9/2023	83,186,032	270,372,684	513,757,656	11,580,680	22,443,549	45,482,463	946,823,064
Net cost in 31/12/2022	83,186,032	277,194,875	526,354,705	12,763,215	22,526,625	47,888,655	969,914,107

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5 RIGHT USE OF ASSETS (NET)

	<u>30/09/2023</u> <u>L.E.</u>	<u>Total</u> <u>L.E.</u>
Balance at 1/1/2023	3,703,952	3,703,952
Additions	1,246,014	1,246,014
Total cost at 30/9/2023	1,246,014	4,949,966
Accumulated Amortization at 1/1/2023	(1,868,782)	(1,868,782)
Amortization during the period	(1,404,108)	(1,404,108)
Total Amortization at 30/9/2023	(3,272,890)	(3,272,890)
Net cost at 30/9/2023	1,677,076	1,677,076
Net cost at 31/12/2022	1,835,170	1,835,170

6 PROJECTS UNDER CONSTRUCTION

	<u>31/12/2022</u> <u>L.E.</u>	<u>Additional</u> <u>during the</u> <u>period</u> <u>L.E.</u>	<u>Transferred to</u> <u>fixed assets</u> <u>L.E.</u>	<u>30/09/2023</u> <u>L.E.</u>
Machines and equipment	60,731,953	44,163,580	(38,545,011)	66,350,522
Transportations	176,535	2,718,385	(176,535)	2,718,385
Tools & equipment	6,026,066	18,288,141	(5,773,264)	18,540,943
Decoration	18,688,476	1,169,916	(1,871,516)	17,986,876
SAP program	718,641	38,102,072	(746,306)	38,074,407
Eipico 3	779,819,115	1,956,506,245	--	2,736,325,360
	866,160,786	2,060,948,339	(47,112,632)	2,879,996,493

Capitalized interests on projects under constructions amounted to 48,996,828 Egyptian pounds.

7 INTANGIBLE ASSETS (NET):

The result of revaluation of assets and liabilities and depreciation account arose upon the merger of the Egyptian Company for the Pharmaceutical Packaging Industry in the Egyptian International Company for Pharmaceutical Industries (EIPICO), according to an assessment that took place on 30/9/1999.

The depreciation for goodwill is calculated based on 5 % annually, and the depreciation was done in full until 30/9/2019.

	<u>Good will</u> <u>L.E.</u>	<u>Programs</u> <u>L.E.</u>	<u>Total</u> <u>L.E.</u>
Balance at 1/1/2023	370,000,000	3,532,086	373,532,086
Additions during the period	--	1,011,077	1,011,077
Total cost at 30/9/2023	370,000,000	4,543,163	374,543,163
Accumulated amortization at 1/1/2023	(370,000,000)	(1,965,046)	(371,965,046)
Amortization during the period	--	(350,899)	(350,899)
Total Accumulated amortization at 30/9/2023	(370,000,000)	(2,315,945)	(372,315,945)
Net cost at 30/9/2023	--	2,227,218	2,227,218

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EIPICO
Notes To the Consolidated Financial Statements for The Period Ended September 30, 2023

8 INVESTMENTS IN SUBSIDIARIES AND RELATED COMPANIES
SUBSIDIARIES COMPANIES

8.1 Investments in subsidiaries

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
EIPICO Tech Pharmaceutical Company (under liquidation)	12,330,000	12,330,000
	<u>12,330,000</u>	<u>12,330,000</u>

EIPICO Tech Pharmaceutical Company (under liquidation)

EIPICO Tech Pharmaceutical Company is a joint stock company established in accordance with Investment Law No. (8) for the year 1997. The purpose is to manufacture human, veterinary and chemical medicines, diagnostic preparations, serums, special foods, pesticides, cosmetics, detergents, and the manufacture of packaging materials for these products. The Egyptian International Pharmaceutical Industries Company (EIPICO) is the main shareholder. In the capital of this company, it contributes 98.6% and the remaining 1.4% is a contribution from some employees of the EIPICO Pharmaceutical Company. The company (the capital) is represented in the lands for the establishment of the project, and the cash in the Egyptian pound is in the bank.

The Extraordinary General Assembly of EIPICO Tech met and a decision was taken to liquidate, the liquidator and the auditor for the liquidation were appointed, and measures are being taken by it to liquidate the company.

EIPICO-tec has not engaged in any activity since its establishment until now. The company's assets are entirely in current assets in the form of cash in banks (current / deposits), which covers the equity of the capital, and accordingly, no impairment provision has been formed for this investment.

8.2 Investments in associates

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
Al-Batterjee Factory for Pharmaceuticals and Medical Supplies in Saudi Arabia	64,880,810	56,057,306
Medical Union Pharmaceuticals	374,934,869	296,284,727
	<u>439,815,679</u>	<u>352,342,033</u>

Al-Batterjee Factory for Pharmaceuticals and Medical Supplies:

The contract was signed with the Saudi side, and the percentage of EIPICO's participation is 30% of the capital, equivalent to 35,900,976 Egyptian pounds, and it was paid in full. The company started its activities as of 2012 in the Kingdom of Saudi Arabia.

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EPICO
Notes To the Consolidated Financial Statements for The Period Ended September 30, 2023

Medical union Pharmaceuticals (MUP):

were purchased 4,780,000 shares and representing 9.77% of the shares of the Medical union Pharmaceuticals (MUP) Company until 31/12/2019, with a value of 211,167,305

were purchased 112,331 shares from the shares of the of the Medical union Pharmaceuticals (MUP) Company at a price of 4,942,564 pounds, bringing the total number of shares acquired to 4,892,331 shares, at a rate of 10% Of the company's shares,

MUP with a total value of 216,109,869 pounds, until 3/31/2020.

were purchased 1,825,000 shares from the shares of the of the Medical union Pharmaceuticals (MUP) Company at a price of 74,825,000 In subtracting an increase in capital to bring the total investment 290,934,869 pounds In order for EIPICO to retain 10% of the shares of the Medical union Pharmaceuticals (MUP) Company, fully paid until 12/31/2020.

9 INVENTORY (NET):

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
Materials	866,644,119	867,416,725
Fuels, oils and engines for operation	5,458,800	1,821,739
Spare Parts	130,332,706	116,827,052
Packing and warping material	556,685,831	422,815,833
Production in progress	166,450,360	234,804,124
Finished goods	341,079,179	240,072,146
Consignment goods	9,930,961	12,120,439
Letters of credit	215,627,694	324,570,368
Total	<u>2,292,209,650</u>	<u>2,220,448,426</u>
Impairment in inventory value (*)	<u>(57,014,561)</u>	<u>(58,649,002)</u>
Net	<u>2,235,195,089</u>	<u>2,161,799,424</u>

(*) Impairment in inventory value

	<u>Cost at</u>	<u>Formed</u>	<u>Used</u>	<u>Cost at</u>
	<u>1/1/2023</u>	<u>during</u>	<u>during</u>	<u>30/9/2023</u>
	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>
Write-down in inventory value	58,649,002	55,000,000	(56,634,441)	57,014,561
	<u>58,649,002</u>	<u>55,000,000</u>	<u>(56,634,441)</u>	<u>57,014,561</u>

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EPICO
Notes To the Consolidated Financial Statements for The Period Ended September 30, 2023

10 ACCOUNTS AND NOTES RECEIVABLE (NET):

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
Local customer	462,706,343	370,551,238
Export customer	888,596,803	667,253,099
Notes Receivable	1,129,064,554	847,843,395
Total	2,480,367,700	1,885,647,732
Impairment of expected credit losses (customers) (*)	(99,225,088)	(91,225,088)
Net	2,381,142,612	1,794,422,644

(*) expected credit losses (customers)

	<u>Cost at</u>	<u>Formed</u>	<u>Used</u>	<u>Cost at</u>
	<u>1/1/2023</u>	<u>during</u>	<u>during</u>	<u>30/9/2023</u>
	<u>L.E.</u>	<u>period</u>	<u>period</u>	<u>L.E.</u>
expected credit losses (customers)	91,225,088	8,000,000	--	99,225,088
	91,225,088	8,000,000	--	99,225,088

11 DEBTORS AND OTHER DEBIT BALANCES:

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
Insurance with others	8,511,035	6,864,564
advance payments (Taxes – insurance)	105,264,818	52,853,231
Advance payment suppliers	9,685,734	10,414,854
Suppliers (Debtors Balance)	12,980,328	6,636,382
Compensation Due from insurance company	2,707,567	12,700,979
Refund of customs duties owed (Adjudication)	6,044,228	6,044,228
Gas settlement	7,640,064	10,419,563
Other	24,825,195	24,635,415
Total	177,658,969	130,569,216

12 CASH AND CASH EQUIVALENT

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
Cash in hand	50,215,384	7,446,492
Bank – Local currency	83,230,464	76,092,848
Bank – Foreign currency	34,058,642	16,017,866
Bank deposits – Local currency	1,939,205	43,973,237
Bank deposits– Foreign currency	488,227,681	321,620,000
Bank Masr day by day account	8,207,940	7,610,036
Treasury bills	--	10,208,899
Total	665,879,316	482,969,378

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EPICO
Notes To the Consolidated Financial Statements for The Period Ended September 30, 2023

13 CAPITAL:

The authorized capital of the company is 850 million pounds (eight hundred and fifty million Egyptian pounds) The issued and subscribed capital amounts to an amount 793,364,000 pounds Paid in full and worth 793,364,000 Fully paid, its value is 79,336,400 shares. The nominal value of the share is 10 pounds.

In accordance with the decision of the company's general assembly held on 27/3/ 2010, it was approved to increase the capital from 721,240,000 to 793,364,000 With an increase of 72,124,000 pounds, financed from the profits distributed to shareholders by 10% From the issued and paid-up capital before the increase to finance the company's expansions and investments with the amendment of Articles 6 and 7 of the company's articles of association. The capital increase was entered in the commercial register on 24/6/2010.

According to the decision of the Extraordinary General Assembly held on 30/4/2018, the authorized capital was increased from 850 million to 1500 million pounds. And approving the increase in the issued capital from 793,364,000 pounds to 991,705,000 pounds Where it was approved to increase the issued capital in the ordinary assembly on 30/4/2018, after the extraordinary general assembly enjoyed the distribution of a free share for every four original shares to be financed from the investment projects financing reserve, and the decision of the increase was approved on 1/2019

The capital increase was entered in the commercial register on 1/2019

In accordance with the decision of the company's general assembly held on 1/4/2023, it was approved to increase the capital from 991,705,000 to 1,487,557,500 With an increase of 495,852,500 pounds, financed from the cash payment from shareholders by 50% From the issued and paid-up capital before the increase to finance the company's expansions and investments with the amendment of Articles 6 and 7 of the company's articles of association

<u>Shareholders</u>	<u>Shares</u>	<u>Percentage</u>
	<u>No.</u>	<u>%</u>
Arab Company for Pharmaceutical Industries and Medical Appliances	74,387,504	50.01%
Medical Union investments	6,699,658	4.50%
Egyptian Medical Syndicate	5,203,485	3.50%
Other shareholders	62,465,103	41.99%
Total	148,755,750	100%

14 RESERVES

	<u>31/12/2022</u>	<u>Additional</u>	<u>30/9/2023</u>
	<u>L.E</u>	<u>(Deductions)</u>	<u>L.E</u>
Legal Reserves	369,671,007	32,254,607	401,925,614
General Reserves	171,394,890	--	171,394,890
Capital Reserves	20,160,435	--	20,160,435
Reserve for financing investment projects and expansions	941,659,000	300,000,000	1,241,659,000
Total	1,502,885,332	332,254,607	1,835,139,939

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EPICO
Notes To the Consolidated Financial Statements for The Period Ended September 30, 2023

15 RETAINED EARNINGS

	<u>30/9/2023</u>
	<u>L.E</u>
The balance at 31/12/2022	74,145,367
Retained Earnings from dividends	3,727,569
The balance at 30 September 2023	<u>77,872,936</u>

16 THE NET PROFIT OF PERIOD /YEAR

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E</u>	<u>L.E</u>
The net profit of the period / year before dividends	643,111,539	642 982 324
Total	<u>643,111,539</u>	<u>642 982 324</u>

17 LONG TERM LOANS

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E</u>	<u>L.E</u>
QNB Al Ahli Bank – dollar	1,823,036,180	539,511,563
NBK – Local currency	115,660,002	123,354,000
NBK – Euro	122,939,497	72,753,600
NBK – Dollar	21,302,885	--
Banque du Caire – Dollar	314,657,384	--
Abu Dhabi Islamic Bank – local currency	182,755,459	--
Total	<u>2,580,351,407</u>	<u>735,619,163</u>

- Terms: for a period of seven years (two years of grace – five years of payment)
- Warranties: without guarantees.

18 LONG TERM CREDIT FACILITIES

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E</u>	<u>L.E</u>
QNB Al Ahli - dollar	5,819,245	55,480,181
National bank of Kuwait	--	21,032,000
	<u>5,819,245</u>	<u>76,512,181</u>

- Terms and Guarantees: at an interest rate of 8% and without guarantees.

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EPICO
Notes To the Consolidated Financial Statements for The Period Ended September 30, 2023

19 LEASE LIABILITY

	<u>Total</u>	<u>Paid</u>	<u>Interest</u>	<u>Balance as of</u>
	<u>Contracts</u>			<u>30/9/2023</u>
	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>
Buildings	2,184,362	(1,718,523)	155,542	621,381
Adds during the period	1,246,014	--	--	1,246,014
Total	3,430,376	(1,718,523)	155,542	1,867,395
<u>Classified into:</u>				
Short term Lease Liability				1,619,580
Long term Lease Liability				247,815
				1,867,395

20 DEFERRED TAX LIABILITIES

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
Deferred tax liabilities	64,710,706	65,502,703
Deferred tax liabilities (End service provision)	(7,264,898)	(6,562,199)
The balance of deferred tax liabilities	57,445,808	58,940,504

21 PROVISIONS

	<u>31/12/2022</u>	<u>Transaction during the period</u>		<u>30/9/2023</u>
	<u>L.E.</u>	<u>Add</u>	<u>Used</u>	<u>L.E.</u>
	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>	<u>L.E.</u>
Other Provision	61,726,308	68,000,000	--	129,726,308
Claims Provisions	24,501,733	22,000,000	(17,409,795)	29,091,938
End of Services provision	29,165,326	27,000,000	(23,876,890)	32,288,436
Contingent liability provision	--	20,000,000	--	20,000,000
Total	115,393,367	137,000,000	(41,286,685)	211,106,682

*****Formed Provision on September30, 2023**

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
Other Provision	68,000,000	32,000,000
Claims Provisions	22,000,000	47,000,000
End of Services provision	27,000,000	41,000,000
Contingent liability provision	20,000,000	--
Total	137,000,000	120,000,000

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EPICO
Notes To the Consolidated Financial Statements for The Period Ended September 30, 2023

22 CREDIT BANKS (FACILITIES)

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E</u>	<u>L.E</u>
Banque du Caire. Al-Azhar	311,406,393	235,065,228
Bank Bloom Egypt.	5,084,983	7,238,976
QNB Al Ahli	189,014,648	469,014,627
Emirates National Bank of Dubai	142,771,557	90,379,155
Ahli United Bank	600,518,572	368,837,276
National bank of Kuwait	298,152,687	95,440,136
Suez Canal Bank	182,403,038	160,630,328
Abu Dhabi Islamic Bank	74,200,264	284,055,480
Al Baraka Bank Egypt	188,630,364	220,790,349
Egyptian Gulf Bank	99,037,106	--
QNB Al Ahli-USD	166,282,766	101,195,797
Total	2,257,502,378	2,032,647,352

- Terms and Guarantees: at an interest rate of 8% and without guarantees.

23 SUPPLIERS AND NOTES PAYABLES

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E</u>	<u>L.E</u>
Local suppliers	45,293,680	67,040,370
Foreign suppliers	97,694,295	118,523,402
Notes Payables	17,159,375	14,682,093
Total	160,147,350	200,245,865

24 DIVIDENDS CREDITORS

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E</u>	<u>L.E</u>
Dividends Creditors	643,424	--
Total	643,424	--

25 CREDITORS AND OTHER CREDIT BALANCES

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E</u>	<u>L.E</u>
Other creditors (insurance to others – social insurance)	31,951,481	26,607,836
Other creditors (tax authority)	32,270,415	20,347,202
Other creditors	9,178,511	3,894,042
Other credit balances	159,405,460	113,312,180
Accrued and Specialized current expenses	2,173,256	28,054,115
Advanced payment receivables-local	33,896	29,536
Total	235,013,019	192,244,911
Takaful Contribution	10,226,429	10,917,142
	245,239,448	203,162,053

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EPICO
Notes To the Consolidated Financial Statements for The Period Ended September 30,
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26 ACCRUED INCOME TAX

	<u>30/9/2023</u>	<u>31/12/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
Accrued Income Tax	140,979,556	106,817,993
Total	<u>140,979,556</u>	<u>106,817,993</u>

27 NET SALES

	<u>30/9/2023</u>	<u>Percentage</u>	<u>30/9/2022</u>	<u>Percentage</u>
	<u>L.E.</u>	<u>%</u>	<u>L.E.</u>	<u>%</u>
local sales "direct"	818,869,578	22.28%	577,669,994	21.54%
Local sales "distributors"	1,458,479,318	39.69%	1,282,335,542	47.80%
(-) Incentives for local distributors	(54,506,421)	(1.48)%	(126,650,458)	(4.72)%
Local sales 'Supplies'	319,072,014	8.68%	264,572,319	9.86%
Export	1,151,887,164	31.34%	713,897,825	26.61%
(-) Export distributors incentives	(18,796,253)	(0.51)%	(29,259,333)	(1.09)%
Total net sales	<u>3,675,005,400</u>	<u>100%</u>	<u>2,682,565,889</u>	<u>100%</u>
Other operating income	6,083,983		4,483,382	
Total sales revenue	<u>3,681,089,383</u>		<u>2,687,049,271</u>	

28 COST OF SALES:

	<u>30/9/2023</u>	<u>30/9/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
<u>Cost of manufacture for sold production</u>		
Salaries & Wages	203,492,242	175,152,412
Benefits " Treatment Expenses - Nutrition for workers expenses"	27,190,182	19,881,157
Social Insurance	24,542,683	20,714,636
Commodity supplies "Materials"	956,128,552	691,748,130
Commodity requirements "Packing and Packaging"	606,698,943	463,863,129
Commodity requirements " Spare Parts and Equipment"	49,209,615	48,755,751
Commodity supplies "Purchased for Sale"	--	15,950,376
Commodity requirements "fuel, oils, electricity, water and lighting"	76,517,659	66,544,339
Commodity supplies " Writing and office tools "	3,310,818	3,305,569
Service requirements " Maintenance Exp."	10,618,445	8,579,907
Service requirements "operations for others exp"	2,416,006	232,692
Service supplies "Experimental and research services"	1,817,194	2,101,951
Service requirements "transportation, transfers and travel allowance"	2,750,355	730,307
Service necessities "rental transportation"	1,075,789	522,636
Service necessities "Insurance expenses"	3,206,687	2,558,156
Service companies	4,865,974	3,286,215
Service requirements "other"	5,645,395	6,171,685
Taxes and fees	31,087	34,705
Depreciation	63,101,898	58,755,699
Actual Rent	22,569	--
(-) Sold production waste	(14,398,392)	(8,000,347)
Production cost	<u>2,028,243,701</u>	<u>1,580,889,105</u>
<u>Add or (subtract):</u>		
Change in inventory of finished and semi-finished cost	(48,873,343)	(72,580,062)
Cost of Sales	<u>1,979,370,358</u>	<u>1,508,309,043</u>

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EPICO
Notes To the Consolidated Financial Statements for The Period Ended September 30,
2023

29 MARKETING EXPENSES:

	<u>30/9/2023</u>	<u>30/9/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
Cash wages	184,730,970	162,529,742
Benefits " Treatment Expenses - Nutrition for workers expenses"	11,230,270	8,976,816
Social Insurance	23,071,698	19,058,620
Commodity supplies "marketing activities tasks"	5,838,842	10,549,005
Commodity supplies "packing and packaging materials"	1,393,260	1,792,344
Commodity requirements "fuel, oils, electricity and water"	11,471,352	11,470,852
Commodity supplies " Writing and office tools "	1,166,024	1,186,875
Service requirements " Maintenance"	2,857,342	2,587,433
Service supplies "seminars and conferences - marketing activities"	67,389,516	59,185,474
Service supplies "contribution to scientific offices"	5,188,893	3,283,135
Service requirements "transportation, transfers and travel allowance"	41,560,113	42,080,050
Service necessities "rental transportation"	241,224	274,597
Royalties	5,222,221	3,266,876
Shipping expenses	47,956,756	34,510,562
insurance expenses 'Selling'	2,399,760	1,470,382
Insurance expenses "export"	4,437,537	20,605
insurance expenses 'Other'	21,824	3,320,733
Free medical samples	3,699,357	4,027,087
Service requirements "others"	29,118,874	12,164,646
Merchandise taxes and fees	22,540,522	7,258,652
Depreciation of fixed assets	7,911,163	8,702,957
Actual rents	370,404	367,452
Total	<u>479,817,922</u>	<u>398,084,895</u>

30 RESEARCH & DEVELOPMENT EXPENSES:

	<u>30/9/2023</u>	<u>30/9/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
Salaries & Wages	13,387,864	12,040,493
Benefits " Treatment Expenses - Nutrition for workers expenses"	934,341	669,607
Social Insurance	1,180,116	1,093,844
Commodity supplies "used materials"	4,487,848	3,481,181
Service requirements " Maintenance"	850,228	86,245
Service requirements "transportation, transfers and travel allowance"	189,410	205,698
Service necessities "rental transportations"	33,003	16,052
Service supplies "experiments and research"	8,864,715	12,719,713
Other services	1,291,699	508,401
Merchandise taxes and fees	592	1,064
Depreciation of fixed assets	1,398,447	1,214,003
Actual rents	742	438
Total	<u>32,619,005</u>	<u>32,036,739</u>

EGYPTIAN INTERNATIONAL PHARMACEUTICAL INDUSTRIES - EPICO
Notes To the Consolidated Financial Statements for The Period Ended September 30,
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31 GERNERAL & ADMINSTRATIVE EXPENSES:

	<u>30/9/2023</u>	<u>30/9/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
Cash wages	68,758,456	54,642,705
Benefits " Treatment Expenses - Nutrition for workers expenses"	6,509,340	4,876,169
Social Insurance	6,227,039	4,545,374
Commodity supplies "used materials"	4,673,094	4,332,892
Service requirements " Maintenance"	829,285	1,516,253
Service requirements "transportation, transfers and travel allowance"	2,913,021	2,048,295
Service necessities " rental transportations "	239,297	122,900
Allowance for "technical - review - legal" committees	496,000	531,000
Other services	10,415,769	5,392,395
Merchandise taxes and fees	50,280	8,863
Dividend taxes	4,123,733	3,433,333
Depreciation of fixed assets	2,380,428	2,238,601
Actual rent	34,360	3,247
Donations	2,864,367	9,233,959
Compensation and fines for "delayed supplies"	--	--
property taxes	40,693	508,003
Total	110,555,162	93,433,989

32 FINANCING EXPENSES:

	<u>30/9/2023</u>	<u>30/9/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
Debit Interest "credit facilities"	265,223,503	103,577,438
Commission and bank charges	12,270,842	8,006,547
Check cutting fees	1,782,644	9,129,897
Finance cash discount	--	2,283,416
Total	279,276,989	122,997,298

33 FORMED OF PROVISIONS:

	<u>30/9/2023</u>	<u>30/9/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
Disputed public taxes provisions	68,000,000	43,000,000
Provision claims	22,000,000	19,000,000
End of Services provision	27,000,000	33,000,000
Contingent liabilities provision	20,000,000	--
Total	137,000,000	95,000,000

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34 TAKFUL CONTRIBUTION – SOCIAL INSURANCE:

	<u>30/9/2023</u>	<u>30/9/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
Takaful Contribution	10,284,704	7,287,550
Total	10,284,704	7,287,550

35 DIVIDENDS OF SUBSIDIARIES AND ASSOCIATES COMPANIES:

	<u>30/9/2023</u>	<u>30/9/2022</u>
	<u>L.E.</u>	<u>L.E.</u>
Saudi Batterjee Company (re-evaluation)	28,979,834	25,949,118
Medical Professions Company (profit and re-evaluation)	6,717,332	7,427,323
Total	35,697,166	33,376,441

36 DEFERRED TAX (TAX BURDEN):

Deferred tax liability: This burden represents the value of the tax due on temporary differences calculated in accordance with Egyptian Accounting Standard No. (24) and in accordance with the provisions of Tax Law No. 91 of 2005 and whose payment is deferred for subsequent periods.

37 TAX POSITION

- The taxes owed by the company for the activity of the year are calculated in accordance with the applicable laws and instructions in this regard, and the necessary provision for tax obligations is formed after conducting the study considering the tax claims. The company pays the taxes due on it annually from the reality of tax returns.

a) First: - Corporate Tax

From the beginning of the activity until 2013

- The company was examined for those years and an internal committee was formed to settle the disputes and settle the tax differences.

The years from 2014 – 2015

- The company was examined for those years, and an objection was made to the examination, referral to the internal committee, settlement of disputes, and payment of tax differences in 2022.

From 1/1/2016 to 31/12/2019

- The company was inspected for this period, and 20 million L.E. were paid under the account of tax differences, and the rest will be paid during the next period.

From 1/1/2020 to September 30, 2023

- The company is obligated to submit tax returns to the Senior Taxpayers Center in accordance with the forms prepared by the Tax Authority in accordance with the provisions of the law. The company has not been examined for those years to date, bearing in mind that the last tax decision was submitted in April 2023 for the year 2022.

b) Second: - Salary Tax

From the beginning of the activity until 31/12/2012

- The company was examined, internal committees were made, and all due differences were paid according to the decision of the internal committee.

From 1/1/2013 to 31/12/2019

- The company was examined for this period and the due differences were paid.

The period from 1/1/2020 to 30/9/2023

- The company deducts the taxes due on all employees in accordance with the law and delivers them on time. The company has not been examined for this period to date till now.

c) Third: - Stamp tax

From the beginning of the activity until 31/12/2021

- The company was examined, internal committees were made, the differences were paid and the file was settled.

Years from 1/1/2022 to September 30, 2023

- The company has not been examined for this period.

d) Fourth- VAT

Years till 31/12/2015

- The company was examined for those years and all due differences were paid.

Years from 1/1/2016 to 31/12/2019

- The company was examined for those years and all due differences were paid.

Years from 1/1/2020 till September 30, 2023

- The company pays the monthly returns on a regular basis, and the company has not been examined for that period to date, knowing that the company was registered according to the value-added law on legal dates.

e) Fifth: -Withholding Tax

The company deducts the taxes due from all its dealers and pays them according to the tax card of each financier until December 31, 2022, to the Tax Authority of the Withholding Tax. The company was examined until the end of 2016 and all the due differences were settled and payments were made until September 30, 2023, the period between 2017-2018 was examined and the due tax differences were paid.

38 COMPARATIVE FIGURES

The comparative figures have been revised to be in line with the current presentation of the financial statements.