



شركة سيدى كيرير للبتروكيماويات Sidi Kerir Petrochemicals Co.

Date : 5/2/2024

Attention: The Egyptian Exchange

greeting,

Please find attached the financial statements and their disclosures for the period January - December 2023, along with the report of the company's auditor. Additionally, you will be provided with the report from the accountability State authority as soon as it is issued.

Furthermore, we would like to inform you that you will be provided with the proposed distribution amount to the shareholders once it is approved by the Board of Directors.

Kind regards.....



Mohamed Fathy Amer
Financial Control General Manager





Sidi Kerir petrochemical Co.
Sidpec



Financial Statements and their disclosures

for the period

**January - December
2023**

Shareholder's Structure and BOD's ownership on the date of financial:

(a) Shareholders of 5% or more of company's' shares:

Name	No. owned shares	Percentage of ownership
Egyptian Petrochemicals Holding Co	151200000	20%
Government Sector Employees Trust Fund	156884212	20.75%
Private Sector Employees Trust Fund.	92560755	12.24%
Egyptian Petrochemicals Co.	52338463	6.92%
Ahli Capital Holding.	52338463	6.92%
National Investment Bank.	52338463	6.92%
Total	557660356	73.76%

(b) BOD's ownership in the company:

Board member name	No. owned shares	Percentage of ownership
Egyptian Petrochemicals Holding Co	151200000	20%
Government Sector Employees Trust Fund.	156884212	20.75%
Private Sector Employees Trust Fund.	92560755	12.24%
Egyptian Petrochemicals Co.	52338463	6.92%
Ahli Capital Holding.	52338463	6.92%
National Investment Bank.	52338463	6.92%
Misr Insurance Co.	14022342	1.85%
Naser Social Bank	10080000	1.33%
Mr./ Ahmed Fayeze Abdel Mohsen	46195	0.006%
Mrs./ Nahed Mahmoud Badri	1440	0.0001%
Total	581810333	76.93%

a. Treasury stocks: Not Existed

Board of Directors

A) Current structure

Name	Title	Entity represented.	Description (Executive/ Non-executive – Independent)
Eng. / Mohamed Mohamed Ibrahim	CEO and managing director	Egyptian Petrochemicals Holding Co.	Executive
Mr. / Helmy Sakr Gad Shalby	Member	Egyptian Petrochemicals Holding Co.	Non Executive
Mr./ Ahmed Mohamed Kamel Moka	Member	Egyptian Petrochemicals Co	Non Executive
Mr./ Ihab Khater Younes Mohamed	Member	Government Sector Employees Trust Fund.	Non Executive
Mr./ Mohammed Saudi Qutb	Member	Government Sector Employees Trust Fund.	Non Executive
Mr./ Samy Abdel Hady Mohamed	Member	Private Sector Employees Trust Fund.	Non Executive
Mr./ Mohammed Abdulnabi Qutb	Member	Private Sector Employees Trust Fund.	Non Executive
Mr./ Khaled Youssef Abdel Majeed	Member	Ahli Capital Holding.	Non Executive
Mr./ Abdel Fattah Abdel Moez Ali	Member	National Investment Bank.	Non Executive
Mr./ Ehab Hassan El-Leithy	Member	Naser Social Bank	Non Executive
Mr./ Reda Abdel-Hafez Abdel-Mawlaa	Member	Misr Insurance Co.	Non Executive
Mr./ Ahmed Fayez Abdel Mohsen	Member	General Public Offering	Non Executive
Mrs./ Nahed Mahmoud Badri	Member	General Public Offering	Non Executive

B) Board of Directors Meeting: (no. of meetings during the year):

(Nineteen) board meetings were held during the year 2023.

Audit committee:

A) Current structure

Member Name	Title	Entity Represented
Mr./ Ahmed Fayez Abdel Mohsen	Committee Head	General Public Offering
Mr. / Helmy Sakr Gad Shalby	Member	Egyptian Petrochemicals Holding Co.
Mr./ Abdel Fattah Abdel Moez Ali	Member	National Investment Bank.
Mr./ Ehab Hassan El-Leithy	Member	Naser Social Bank
Mr./ Mohammed Abdulnabi Qutb	Member	Private Sector Employees Trust Fund.
Mr./ Samy abdel Hady Mohamed	Rapporteur	Private Sector Employees Trust Fund.
Mrs./ Nahed Mahmoud Badri	Member	General Public Offering
Mr. Khaled Salah El-Deen Al Basomi	Rapporteur	Rapporteur of the Committee

B) Audit committee's responsibilities, and the assigned tasks:

The Audit Committee, formed by the company, is responsible for its duties as mentioned in Article 37 of the Listing Rules, and for the continuation of the listing and the removal of securities on the Egyptian Exchange.

C) Audit committee achievements during the year:

No. of meetings during the year	8
If the committee reports had been presented to the BOD?	Yes
If the committee reports mention any substantive observations that should be addressed?	Yes
If the BOD take actions to remedy the substantive observation?	Yes

Shareholders



Government Sector Employees Trust Fund

Egyptian Petrochemicals Holding Co

Ahli Capital Holding

Egyptian Petrochemicals Co

Private Sector Employees Trust Fund

Misr Insurance Co

General Public Offering

National Investment Bank

Naser Social Bank



Board of Director's report

The Board of Directors has the honor to present a brief report on the most substantial achievements during the fiscal year ending on 12/31/2023:

- By the grace of God; A new year of achievements, progress, and valuable contribution to the petroleum sector strategy by supporting the growth of the national economy, while facing many domestic and global challenges to the petrochemical industry as whole.
- As well as the threats of prices fluctuation and supply and demand are affected by global conflicts and unstable economic circumstances.
- These achievements are resulting from the continuous supporting, which are provided by the Egyptian Ministry of Petroleum and the Egyptian Holding Company for Petrochemicals.
- This support has a positive impact was clearly reflected in our marketing and pricing policies that enabled the company to achieve the planned production plan by 105%, while the targeted Marketing and selling plans by 106%, and achieve a net profit amounting 2459 million Egyptian pounds, which is a valuable achievement for the company and its management.
- Continuing to Sidpec's various policies to develop and maximize its revenues, as well as contributing efforts to support the local economy, the company imported non-locally produced polyethylene and polypropylene applications. The main objective of exporting is supporting the continuation of the production process of many local plastics factories and helped sustain their employment and production capacity, and also resulted in an increase in the company's Gross profit amounting of 534 million Egyptian pounds, this objective is confirming



economic role in developing national income and taking all procedures to overcome the challenges of fluctuating prices locally.

➤ However, to overcome the threats of the shortage of the feed gases, Under the supervision of the Egyptian Ministry of Petroleum, the Egyptian Petrochemicals Holding Company (ECHEM) and with the participation of Gasco and the Egyptian Company for the Production of Ethylene and its Derivatives (Ethydco) to compensate the Feed gases shortfall by importing ethane gas.

➤ Sidpec has applied its ambitious policies to enhance the performance the productive capital assets (Plants, Machinery and Equipment). It succeeded in sustaining the production process through the integration of both operation and maintenance teams' efforts and planning to achieve the company's objectives in light of observing quality rules, cost saving, and expense reduction without affecting the optimal plans of safety and risk management policy.

➤ The company continued to supply CO₂ gases to the unit of CO₂ Recovery and Supply Unit of AIRLIQUID with the BOO system at no cost to the company, which has a great impact on reducing carbon emissions to preserve the environment as well as improving the company's economics and increasing its revenues.

➤ The company was able to provide the needs of the local market of ethylene and polyethylene products and export the surplus abroad. the main objective for exporting part of the annual production is supporting the balance of trade by maintaining self-sufficiency from the foreign exchange requirements to save the company foreign procurement from spare parts, chemicals, or services.

➤ Sidpec has applied a balanced marketing policy which is characterized by dealing with experienced customers with good financial solvency and



adequacy, which has resulted in regular cash flows necessary for the continuation of the activity.

➤ Sidpec has a good continuous technical communication channel international petrochemical companies to learn and apply about the latest technologies and transfer global experiences that contribute to the development of the company's activities, while renewing the technical support contracts with licensors to problem-solving function regarding the plants, increase the efficiency of units and reduce costs.

➤ The planned preventive maintenance was carried out to enhance the company's assets performance and maintain the continuity of normal process and operation condition in high quality and to comply with the global ratios and standard rates.

➤ Sidpec has signed a partnership agreement with the Nigerian company (Ran Jazz) to establish a new production plant to produce LPG cylinders in Egypt with a production capacity of 1 million cylinders per year for export purpose with the possibility of future expansion and distribution to the local market, if technical specifications are approved by the Egyptian authorities using polyethylene applications. Taking into consideration that Marketing and economic feasibility studies will be initiated with the Nigerian company Ran Jazz Limited being licensed to use the required technology.

➤ Sidpec has committed to align with Egypt's Vision 2030 of Sustainable Development Strategy. Accordingly, the annual sustainability report was published in 2023, which includes the company's various activities to support and to be complied with the 10 principles of the United Nations Global Compact, as well as the 17 objectives of sustainable development.



- Sidpec has adopted a number of activities in the field of energy consumption and utilization of different production units in line with the Company's policy of reducing expenditures and maximizing the utilization of the Company's resources by reducing the consumption of gases and electricity in several plants of the Company, while completing the construction of the CHP power and steam unit, after organizing the community consultation session for the environmental effect assessment to enable us signing the contract with the awarded contractor.
- In line with the policy of the Ministry of Petroleum regarding the Climate Conference COP27 in the same context, the Board of Directors agreed to contribute to the Egyptian Bio-ethanol Company's about 7.5% of the capital approx. \$3 million. This contribution is one of green projects that supports environment sustainability to reduce carbon emissions.
- The Board of Directors agreed to participate in a joint venture for constructing the CHP power and steam unit at Egyptian Bio-ethanol Company (EBIOL) Site with an estimated value of \$15 million.
- Sidpec has successfully renewed its Knowledge Management Certificate (KMS), which granted by SGS company in accordance with ISO 30401:2018. In addition to the renewal of the certificates of compatibility with the quality and energy systems in accordance with the ISO 9001:2015 standard specifications, ISO 50001:2018



We are honored to present the highlights results of the different divisions:

First: Production Activities:

❖ **The basic products:**

The necessary ethylene was produced and provided to achieve the targeted production plan for producing polyethylene and covering the needs of the petrochemical company Egyptian (EPC).

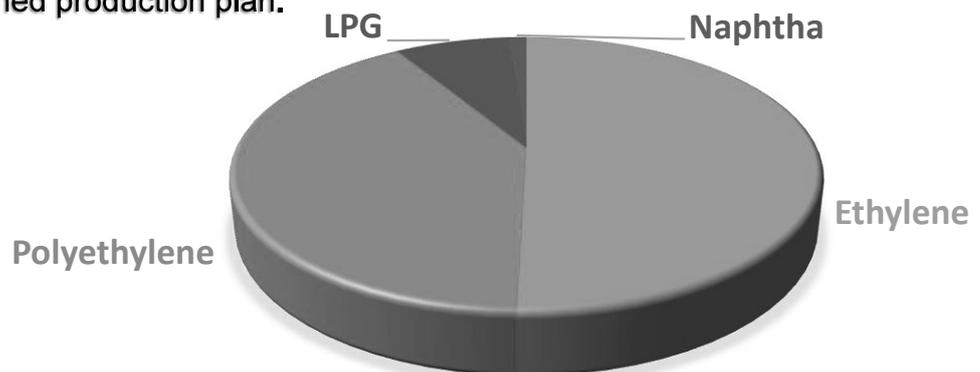
Ethylene production: The actual production of ethylene is 259k tons approx. 98% of the planned production plan, including the annual requirements of the Egyptian Petrochemical Company (EPC), which is amounting 39k tons, taking into consideration that the actual production is according to the supplied specifications and offered quantity of the feed gases by the (Gasco).

Polyethylene production: The actual production of polyethylene is 210k tons approx. 105% of the planned production plan.

❖ **The Secondary Product:**

Liquid Purified Gases (LPGs): The actual production is 38k tons approx.127% of the planned production plan, this production is subject to the supplied feed gas specifications from (Gasco) and the quantity supplied from the affiliated company (Ethydco).

Naphtha: The actual production is approx. 6.6k tons as by-product, which achieved 130% of the planned production plan.



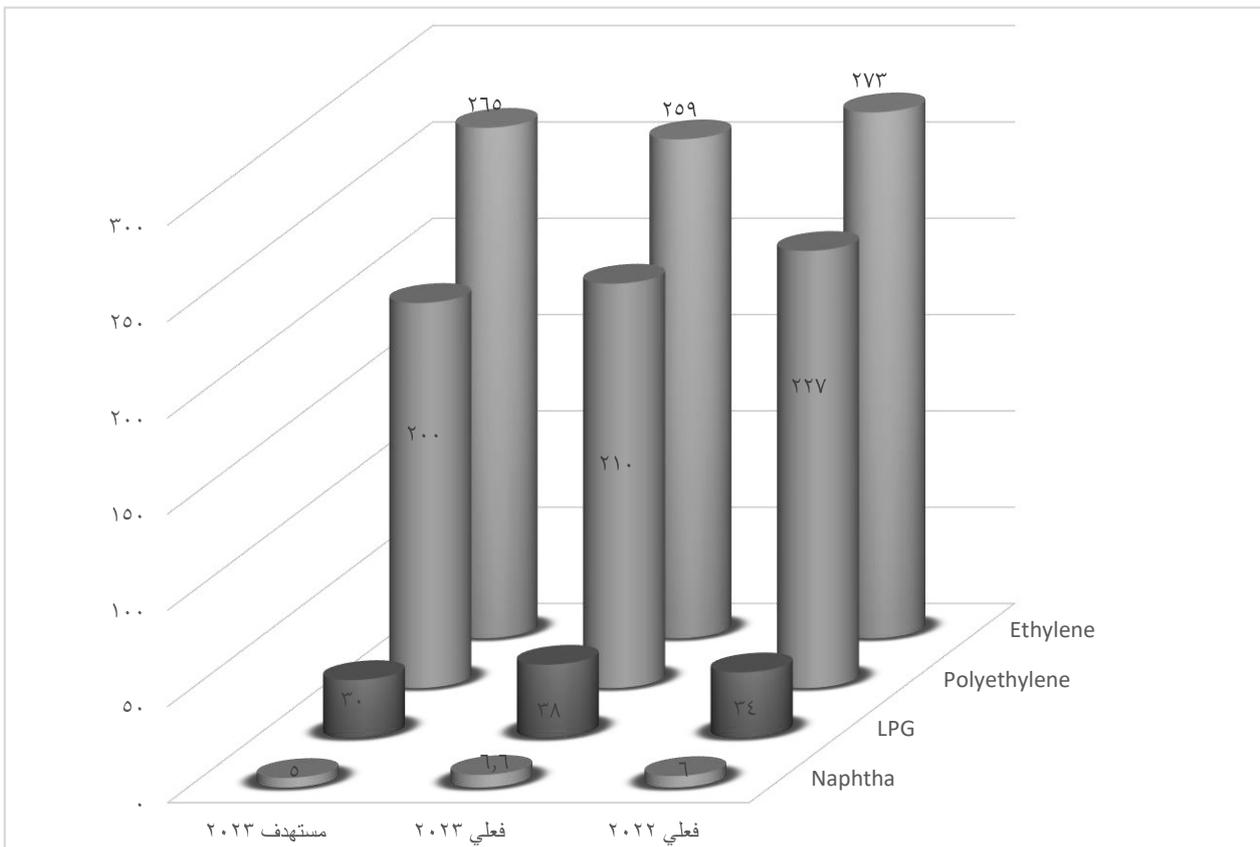


The following table will summarize the development of production comparabed with the planned and the actual last year:

Unit: Thousand / Ton

Description	Planned 2023	Actual 2023	Actual 2022	Achieved Planned %	Growth Rate %
<u>Main Product:</u>					
- Ethylene	265	259	273	98	-5
- Polyethylene	200	210	227	105	-7
<u>*By-product:</u>					
- LPG	30	38	34	127	12
- Naphtha	5	6.6	6	132	10

- According to the Gas Feed Specifications

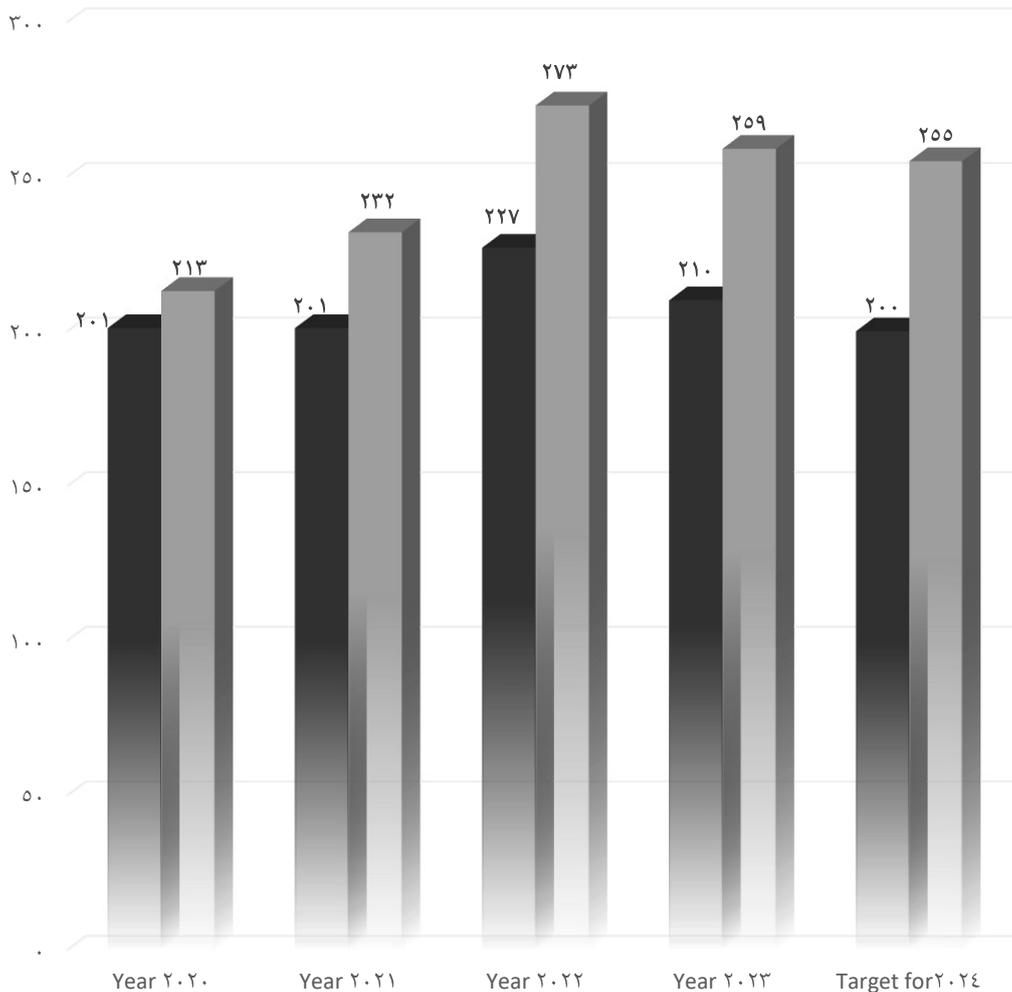




The following table shows the development of production from 2020 until the target of 2024:

Unit: Thousand / Ton

Statement	actual				Target for 2024
	Year 2020	Year 2021	Year 2022	Year 2023	
<u>Core products:</u>					
- Ethylene	213	232	273	259	255
- Polyethylene	201	201	227	210	200





Second: Marketing and Selling Activities

The following has been achieved:

- ❖ Marketing 212k tons of linear high-density and low-density polyethylene, approx. 106% of target.
 - Export: 89k tons of all of polyethylene grades, approx. 42% of total sales revenue.
 - Domestic market: 123k tons of all polyethylene grades, approx. 58% of total sales revenue.
- ❖ Supplying the Egyptian Petrochemical Company (EPC) with the annual ethylene requirements of 39k tons, approx. 78% of target.
- ❖ Sold 39k tons of Liquid Purified Gas (LPGs) to affiliated company (GASCO), approx.130% of target, while 6.6k tons of Naphtha to (ANRBIC) Company, approx.132% of target. As well as sold 3712 tons of Ethan and 5201 tons of Butene to (ETHYDCO).
- ❖ Marketing 55k tons of imported polymers quantity for re-selling purpose at a rate of 101% of the target.
- ❖ Analyzing the levels of supply and demand and working to adopt a fair price policy that achieves market balance under the global economics circumstances and the price fluctuation of raw material oil and petrochemical products.
- ❖ Continuous scanning of the external challenges and threats of the local market, considering the stability of polyethylene production and sales level of (ETHYDCO), the growth rate of plastic plants in Egypt as well as the different foreign markets to develop the marketing strategies.



- ❖ Our policy to presence and participates in local exhibitions and conferences, for example; EGYPS 2023, AFRO PLAST and the International exhibition of industry.
- ❖ Sidpec was interested in providing after-sale service and technical support to its domestic and foreign customers, through continuous visits to domestic customers' plants, seeking their opinions about the extent to which the company's product is compatible with their needs and requirements. It also corresponds with foreign customers and responds to their inquiries, which has had an impact on the customer satisfaction and loyalty of domestic and foreign customers and gain new chance/ opportunity to conquer new global markets.

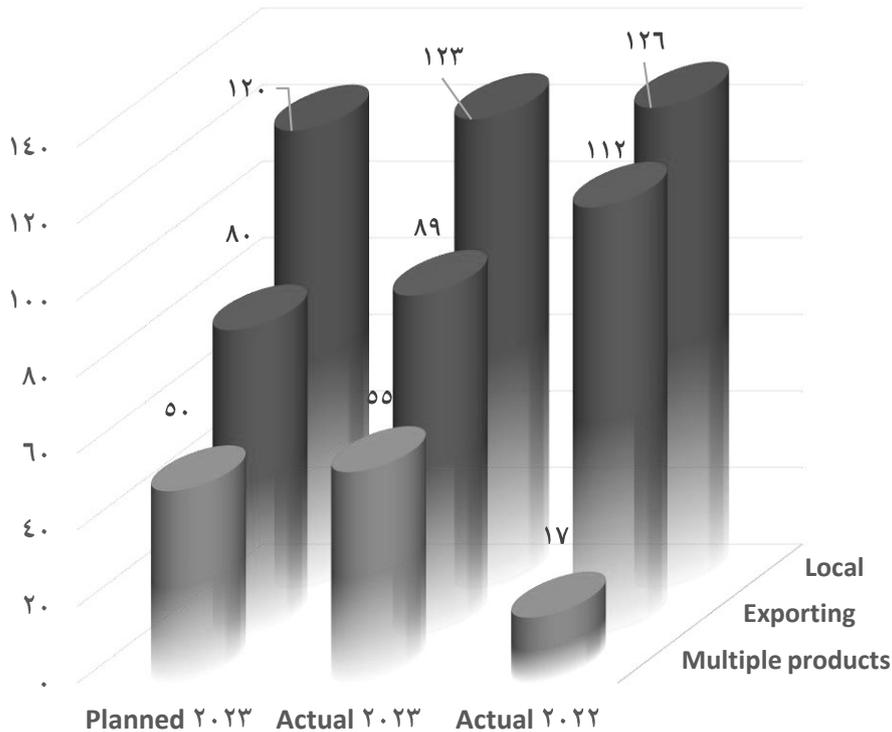


The following table shows the development of sales compared to the target and the year the previous:

Polyethylene and Products purchased for the purpose of selling:

Unit: Thousand / Ton

Description	Planned 2023	Actual 2023	Actual 2022	Achieved Planned %	Growth Rate %
Exporting	80	89	112	111	-21
Local	120	123	126	103	-2
Total	200	212	238	106	-11
<u>Products imported for the purpose of re-selling</u>					
Multiple products	50	55	17	110	223

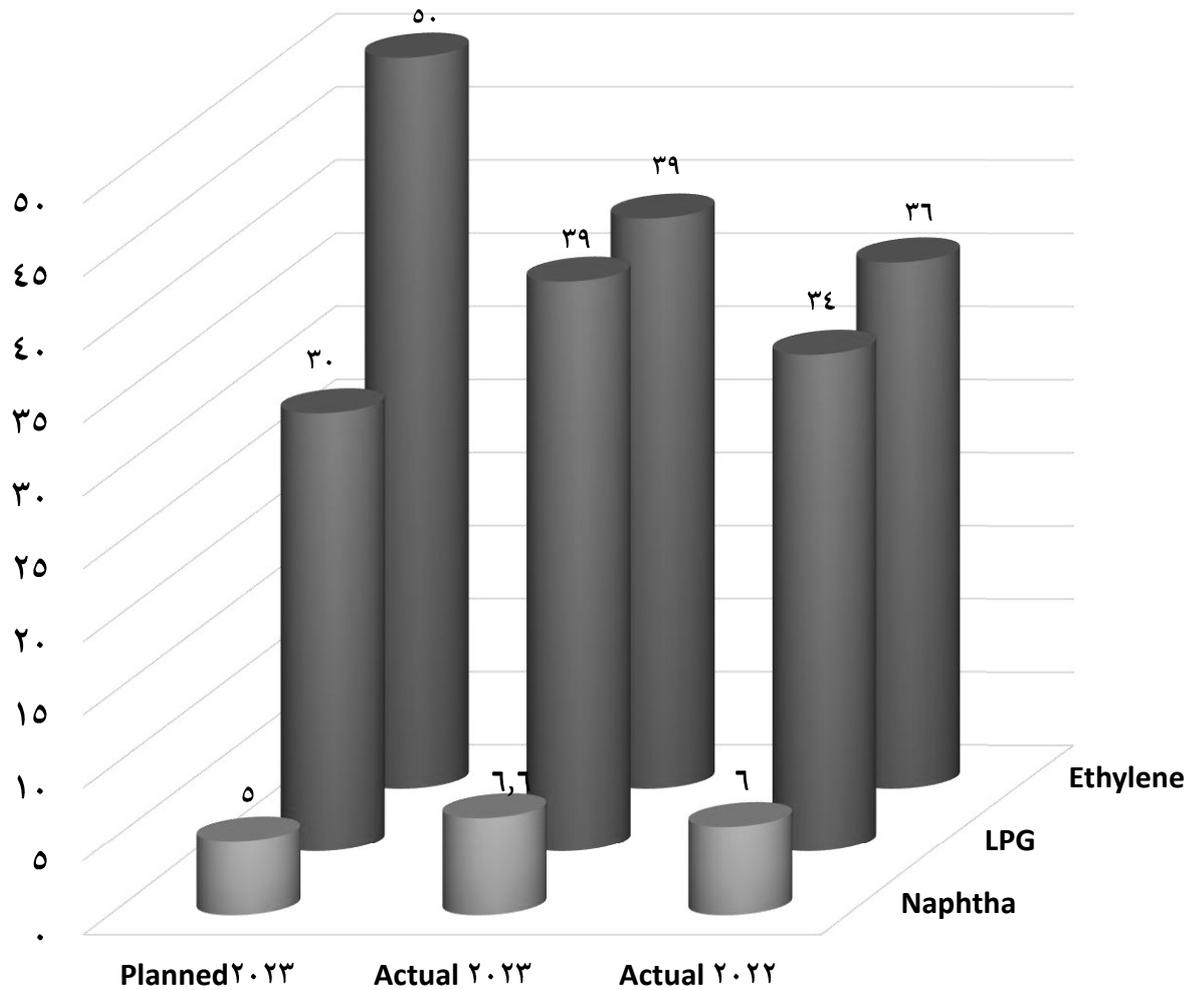




Ethylene and LPG

Unit: Thousand / Ton

Description	Planned 2023	Actual 2023	Actual 2022	Achieved Planned %	Growth Rate %
Ethylene	50	39	36	78	8
LPG	30	39	34	130	15
Naphtha	5	6.6	6	132	10





Secondly, procurement, warehousing, customs activities:

- ❖ The annual procurement requirements of spare parts, chemicals, PPE were met at the planned time and schedule that fit the needs of the production plan.
- ❖ The number of carried our material requests (MRs) during year 2023 is 719 MRs, which is domestically supplied, while 193 MRs supplied from foreign markets, and finalize all customs clearance and procedures to release the shipment from customs area for approx. 258 shipment.
- ❖ Control the stock level (min., max. and critical limits) for most warehouse groups and storing according to their technical condition.

Fourth, HSE Activities:

- ❖ Conducted many field visits and walkthrough by senior management to involvement of management, increase awareness and effective participation of employees.
- ❖ Upgrade the system of SCADA for Ethylene and polyethylene plants.
- ❖ An automatic extinguishing system was installed in the electricity substation, and the phone's operator station.
- ❖ Maintaining the safety of the surrounding environment by follow-up on the waste water samples and measuring emissions to confirm compliance with Egyptian environmental laws, while improving the performance of the units, which reduced the amounts of waste produced. In addition to the application of safe waste management for the hazardous, solid, oils wastes. The waste paper sold to specialized firm to re-cycling.



-
- ❖ The successfully accomplished external audit by granting firms for the occupational safety, health, and environmental protection management systems in accordance with the specification of ISO-45001:2018 & ISO-14001:2015.
 - ❖ Ensuring that occupational safety and health procedures are effectively and efficiently followed, which led to achieving the number of safe operating hours 11.891 million working hours.
 - ❖ The HAZOP study has completed for ethylene, utility and polyethylene plants.
 - ❖ Raising awareness of employees through safety seminars and publishing on the internal information system, along with executing a number of work (24) Programs to raise the culture of employees and increase their awareness.
 - ❖ Securing all work within plants, inspecting it, and ensuring that proper prevention methods are followed.
 - ❖ The company has maintained the slogan of a clean and safe environment since its inception, also confirmed this by maintaining certificates ISO 14001 – ISO 45001 and Safe disposal of hazardous waste in the private sanitary landfill conducted by Alexandria Governorate for this purpose.
 - ❖ Special experiments were carried out in the ethylene environmental laboratory according to the Egyptian Environmental law requirements on the final waste water of the plant and the biological treatment unit, as well as environmental law measurements on the furnaces and boilers.



Fifth: General and Administrative Activities:

Hiring and Training:

- ❖ The total number of employees in the company reached 1076 permanent employees on 12/31/2023, while Sidpec is outsourcing around 500 employees. Sidpec believes in the role of training in developing and raising the efficiency and effectiveness of the capital human resources owned by the company. From this standpoint, the company's management has been keen to diversify the training programs to suit all job levels and the annual needs of the programs. Sidpec implement a number 110 different training programs, seminars and workshops in various fields of work.
- ❖ Due to Sidpec distinguished expertise as a competitive advantage and its belief in its role in serving surrounding society, held internship program for 391 students from different educational background.

Sixth: Corporate Social Responsibility (CSR):

Contributions and social activities:

- ❖ Believing in the company's social role in developing the surrounding environment and the importance of the humanitarian role that the company must play, the company has established a protocol for medical treatment for those unable, for the surrounding urban areas and the residents of the Nahda area. As well as, participate in various events, donating to develop the surrounding environment in many fields, especially public hospitals and government schools. Sidpec providing the full support to the technical School in Burj Al Arab. Sidpec rehabilitating (33) house in the urban area



(Karnak and Abu Sambell), paving roads, in addition to the Holy Qur'an competition under the auspices of Al-Azhar Al-Sharif. This activities within the authorized granted budget by the Board of Director.

Seventh: Quality, Excellency & Energy:

During 2023, Sidpec achieved the prioritized objectives within the annual plan and kept in mind its strategic vision and success factors to achieve continuous development and improvement through measurement, monitoring and analysis of business results to identify the causes of problems or possible opportunities for improvement by applying projects and purposeful participations. This policy led to enabling the company to maintaining its leadership position in supporting and spreading the culture of energy systems management and having a solid position as one of the largest regional and domestic companies in the petrochemical industry. This policy applied through:

- ❖ Compliance with standard specifications for quality, energy and knowledge management systems and successfully accomplish external audit and review for management system of Quality, energy and knowledge.
ISO30401:2018 – ISO 50001:2019 – ISO 9001:2015.
- ❖ Implementing (59) audit programs for quality and energy management system, while (3) programs for knowledge management system in addition to (8) programs for applying the 5S system.
- ❖ Investing in the human capital by implementing training programs to raise awareness of quality and energy.



- ❖ Implementing a project to support peer communication to enhance energy efficiency in the petrochemical and plastics industry in cooperation in the areas of applying energy management systems and improving motor, pump and air compressor systems and applications of thermal energy efficiency in industrial processes in cooperation with the United Nations Industrial Development Organization (UNIDO).
- ❖ Participation in domestic and international forums and conferences, including:
 - Partnership between Egypt and the United Nations.
 - Conference EGYPS 2023.
 - Conference AFRO PLAST.
 - International conference and exhibition for industry.
- ❖ Sustainability and social responsibility in accordance with the guiding specifications of ISO 26000 and in line with Egypt's Vision 2030 strategy.

Eighth Audit Committee:

- ❖ The Audit Committee carried out its assigned role of ensuring the extent of the company's management's commitment to implementing the policies and decisions of the Board of Directors. As well as ensuring the proper conduct of work. It studied many vital subjects and issued the necessary recommendations to implement all policies and directives of the Board of Directors in a proper manner. Also ensuring that all employees understand



these policies and procedures. During the year, the committee submitted several reports and recommendations that included substantive observations that were addressed, and the latest decision was issued to reforming the audit committee from seven of non-executive members of the Board of Directors according to decision no.83/2022).

Ninth: Financial Report:

1- Summary of Financial Statement and Profitability indicators:

Amount / Million

Year 2022	Year 2023	Description
1260	1260	Issued and Paid in Capital
4608	6279	Total Equity
250	324	Total reserves
		Sales and Operating Revenue
8119	10861	Sales of the basic and secondary products
539	2330	Sales from imported polymers
1238	2459	Net Income after tax



2- Expenses:

The total value of operating expenses during the fiscal year ending on 12/31/2023 is amounting 8206 million Egyptian pounds.

A- Material, PPE:

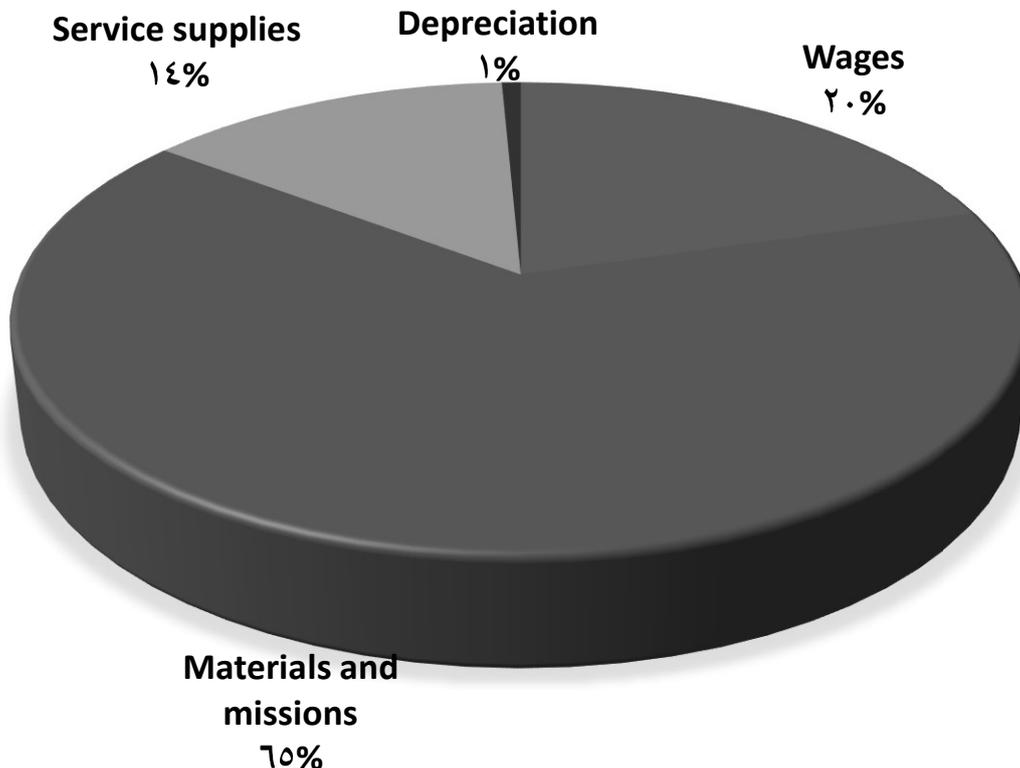
The actual total value of these items is 5330 Million Egyptian pounds for year 2023, while 4316 million Egyptian pounds for year 2022.

B- Salaries and Wages:

The actual total value of salaries and wages is amounting 1676 Million Egyptian pounds for year 2023, while 1297 million Egyptian pounds after applying the periodic increase according to the implementation of Sovereign decisions.

C- Services:

The total value of the services is amounting 1141 Million Egyptian pounds for 2023, while 609 million Egyptian pounds.





3-Business results

- Net Revenues:

The total value of net sales revenue during the year is amounting 13192 million Egyptian pounds, while 8658 million Egyptian pounds for year 2022 with a growth rate of 52%, This value includes an amount of 2,330 million Egyptian pounds of the imported polymers for re-selling purpose.

- Cost of Goods Sold (COGS):

The total cost of good sold during the year is amounting 9430 million Egyptian pounds, while 6549 million Egyptian pounds for year 2022 with a growth rate of 44%. The cost of good sold includes an amount of 1796 million Egyptian pounds of the imported polymers for re-selling purpose.

- Gross Profit:

Total gross profit during the year is amounting 3762 million Egyptian pounds for 2023, while 2109 million Egyptian pounds for year 2022.

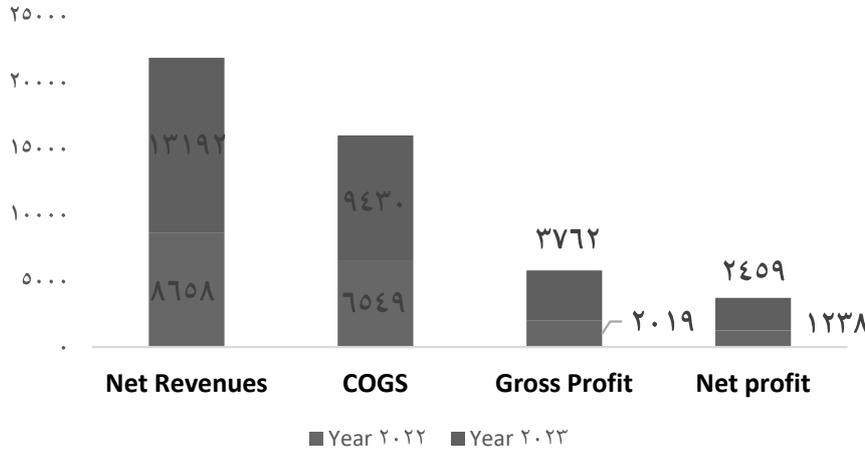
- Net profit:

The net profit after deducting selling and distribution expenses, general and administrative expenses, other operating expenses, allocations, and adding other gains, the business results showed the following:

Net profit before tax is amounting 3255 million Egyptian pounds during the year 2023, while 1630 million Egyptian pounds for year 2022 after deducting income tax and deferred tax liabilities. The net profit after tax is amounting 2459 million



Egyptian pound, while 1238 million Egyptian pounds for year 2022, with a growth rate of 99%.



- Earnings per share:

Value in pounds	Statement
2.75	Earnings per share

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

Financial Statements

And Auditor’s Report

For the Financial Year Ended December 31, 2023

Contents

	Page
Auditor's Report	1
Statement of Financial Position	4
Statement of Income	5
Statement of Comprehensive Income	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9-36

The following notes are not qualified matters

- 1- Legal dispute regarding the area difference of 70 acres for the in-kind shares provided by Egyptian Petrochemicals Company since the company's establishment
- 2- The Company's Board of directors in its meeting held on June 26, 2023 has approved the fair value of the share of Sidi Kerir Petrochemicals company (Sidpec) and the Egyptian Company for the production of Ethylene and its derivatives (Ethydco) on December 31, 2022 that has been prepared by independent financial advisor (Baker Tilly for Financial Consulting Company) The deal to acquire all shares of ETHYDCO Company by Sidpec has been postponed, till the procedures for studying one of the investors acquired a share in the capital of ETHIDCO through a partial exiting of some of the company's shareholders according to the Board of Directors meeting held on September 20, 2023
- 3- Confirmations with related parties has not been completed till the financial statements preparation date .
- 4- Projects under implementations related to ERP (Oracle) has not been finished yet amounting to EGP 13 million, note (3)
- 5- The feasibility study of propylene project has not been re-examined amounting 282 million EGP especially after selling the Polypropylene license with no study for impairment for the project note (3)
- 6- The inventory balance includes an amount of EGP 14 million obsolete inventory, note (6)
- 7- The financial impact for the legal cases against the company has not been determined yet and the preparation of the required provision was not made.
- 8- The expected economic impact as a result of the tense global economic climate on the productivity, exports, current and future plans of the company has not been studied, especially in light of the scarcity and high demand for foreign currencies and coinciding with the low demand of the Egyptian pound.

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of Sidi Kerir Petrochemicals (Sidpec) "S.A.E" subject to investment guarantees and incentives law no. (8) of 1997 that was replaced by law no. (72) of 2017, which comprise the statement of financial position as at December 31, 2023 and the related statement of income, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management responsibility for the Financial Statements

These financial statements are the responsibility of the company as management is responsible for the preparation and fair presentation of the financial statements in accordance with Egyptian Accounting Standards and applicable Egyptian laws and regulations. Management responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error, and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Egyptian Standards on Auditing and in the light of the prevailing Egyptian laws. Those standards require that we comply with professional code of conduct, plan and perform the audit to obtain reasonable assurance whether the financial statements are free from any significant and material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of significant and material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

1-The company has not evaluated its investments amounted 2.214 billion (note 5) in accordance with the requirements of Egyptian Accounting Standard No. 47, or evaluated using the equity method in the event that the company has significant influence in invested companies.

2-The assets and liabilities related to the deferred tax have not been studied according to the requirements of Egyptian Accounting Standard No. (24)

3- No capitalization has been made for strategic inventory spare parts within long term assets according to Egyptian accounting standard No. (10) paragraph (8) "Fixed assets and Depreciation"

Opinion

In our opinion, except for the effects of matters mentioned above, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and its financial performance and cash flows for the year then ended, in accordance with Egyptian Accounting Standards and in the light of prevailing Egyptian laws and regulations relevant to the preparation of these financial statements.

Report on other legal and regulatory requirements

The company keeps proper financial records, which include all that is required by law and the company's statutes, and the accompanying financial statements are in agreement with these financial records.

The inventory stocktaking has been carried out through the company managements and according to best practice .and the costing system used is adequate.

The financial information included in the Board of Directors' report, prepared in accordance with law No. 159 of 1981 and its executive regulations, is in agreement with the books of the Company insofar as such information is recorded therein.

Cairo 5/2/2024

Auditor
A. Sultan
Ahmed Sultan

Member of Egyptian Taxation Society

Ahmed Sultan & Co.

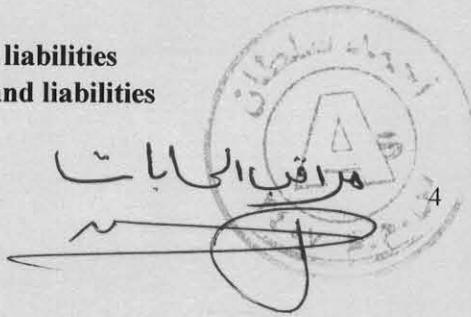
Member of Eura Audit International

Ahmed Sultan & Co.
Eura Audit International

Sidi Kerir Petrochemicals (Sidpec) "S.A.E"
Statement of Financial Position
As at December 31, 2023

Translation From Originally Issued in Arabic
Notes **31/12/2023** **31/12/2022**
EGP **EGP**

Assets			
Non-current assets			
Fixed assets (Net)	1	1179630842	1207059218
Right of use assets	2	1670995	2649206
Projects under constructions	3	501959792	419052536
Real estate investments	4	13396214	14921514
Non-current investments	5	2213838269	1676321740
Total non-current assets		3910496112	3320004214
Current assets			
Inventories (Net)	6	1336341362	876810918
Trade and notes receivable (Net)	7	304632624	324860506
Due to related parties	8	1442058240	1376822398
Advance Payments	9	43334343	8796804
Debtors and other receivables	10	766728161	1092009228
Current investments	11	2311383283	1535711085
Cash and cash equivalents	12	684977841	283277831
Total current assets		6889455854	5498288770
Total assets		10799951966	8818292984
Equity			
Issued and paid-up capital	13	1512000000	1260000000
Avoid under capital increase		0	252000000
Legal reserve		630000000	578503631
Other reserves	14	1530350323	1529962977
Foreign exchange losses		0	-346596411
Retained earnings		118998662	95915005
Net profits for the year		2458697146	1238078090
Total equity		6250046131	4607863292
Non-current liabilities			
Loans	19	828943571	798105145
Finance lease liabilities		1030340	1727215
Provision	15	246000000	174000000
Deferred tax liabilities	16	196382183	135181839
Total non-current liabilities		1272356094	1109014199
Current liabilities			
Loans	19	325075562	261386300
Bank credit facilities		671229857	727402965
Finance lease liabilities		988620	1211978
Trade payables		96064753	50216979
Due to related parties	17	656059360	694938700
Other payables	18	792618755	978169408
Income tax		735512834	388089163
Total current liabilities		3277549741	3101415493
Total equity and liabilities		10799951966	8818292984

مراقب الحسابات


The accompanying notes from no. (1) to (21) form an integral part of these financial statements.
Auditor's Report attached

CFO

General Manager

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

Statement of Income

For the Financial Year Ended December, 31 2023

	Notes	Translation From Originally Issued in Arabic	
		31/12/2023	31/12/2022
		EGP	EGP
Sales from the company's operations	(1-20)	10861404359	8119069424
Sales from administrative unites		2330125341	538649633
Net Sales		13191529700	8657719057
Less:			
Cost of sales from the company's operations	(1-21)	7634003649	6111305099
Cost of sales from administrative unites		1795737275	437526781
Total cost		9429740924	6548831880
Gross Profit		3761788776	2108887177
Less:			
Selling and distributing expenses	(2-21)	131374089	104815158
General and administrative expenses	(3-21)	409418146	283142876
Provisions		95945395	126893965
Other expenses	(4-21)	83533879	32041518
Finance expenses and interest	(5-21)	134295166	64309163
Foreign currency losses	(6-21)	145100957	55173942
		999667632	666376622
Add:			
Investment income	(2-20)	122497995	13575857
Other operating income	(3-20)	20808776	24013923
Other income	(4-20)	6711265	64437177
Credit interests	(5-20)	343271142	85861873
Operating income		493289178	187888830
Net profit for the year before tax		3255410322	1630399385
Income tax		735512833	388089163
Deferred tax		61200343	4232132
Net profit for the year after tax		2458697146	1238078090
Earnings Per Share		2.75	1.76

The accompanying notes from no. (1) to (21) form an integral part of these financial statements.

مراقب الحسابات


Sidi Kerir Petrochemicals (Sidpec) "S.A.E"
Statement of Comprehensive Income
For the Financial Year Ended December, 31 2023

Translation From Originally Issued in Arabic

	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>EGP'000</u>	<u>EGP'000</u>
Net profit for the year	2458697	1238078
<u>Add:</u>		
Other comprehensive income		
Foreign exchange losses	-	-346596
Total Comprehensive Income for the Year	<u>2458697</u>	<u>891482</u>

The accompanying notes from no. (1) to (21) form an integral part of these financial statements.

Sidi Kerir Petrochemicals (Sidpec) "S.A.E"
Statement of Changes in Equity
For the Financial Year Ended December, 31 2023

	<u>Translation From Originally Issued In Arabic</u>							
	Capital	Legal Reserve	Other reserves	Avoid under capital increase	Retained Earnings	Net Profit for The Year	Foreign exchange losses	Total
	<u>EGP'000</u>	<u>EGP'000</u>	<u>EGP'000</u>	<u>EGP'000</u>	<u>EGP'000</u>	<u>EGP'000</u>	<u>EGP'000</u>	<u>EGP'000</u>
Balance as at January 1, 2022	1260000	525000	1379837		81421	535162		3781420
Foreign exchange losses (comprehensive income)				-			-346596	-346596
Applying EAS no. (47)				-				
Applying EAS no. (5)					-5757			-5757
Transferred to legal reserves		53504			462	-53504		462
Transferred to retained earnings					19789	-19789		0
Investment reserve			150126			-150126		0
Dividends for the year						-311743		-311743
Free shares distribution				252000				252000
Net profit for the year						1238078		1238078
Balance as at December 31, 2022	<u>1260000</u>	<u>578504</u>	<u>1529963</u>	<u>252000</u>	<u>95915</u>	<u>1238078</u>	<u>-346596</u>	<u>4607864</u>
Foreign exchange losses (comprehensive income)	252000			-252000	-346596		346596	
Free shares distribution								
Applying EAS no. (5)					-4546			-4546
Transferred to legal reserves		51496				-51496		0
Transferred to other reserves			387			-387		0
Transferred to retained Earnings					374226	-374226		0
Dividends for the year						-811969		-811969
Net profit for the year						2458697		2458697
Balance as at December 31, 2023	<u>1512000</u>	<u>630000</u>	<u>1530350</u>	<u>00</u>	<u>118999</u>	<u>2458697</u>	<u>0</u>	<u>6250046</u>

The accompanying notes from no. (1) to (21) form an integral part of these financial statements.

Sidi Kerir Petrochemicals (Sidpec) "S.A.E"
Statement of Cash Flows
For the Financial Year Ended December, 31 2023

Translation From Originally Issued in Arabic

Notes	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>EGP</u>	<u>EGP</u>
Cash flows from operating activities		
Net profit before tax and extraordinary items	3255410322	1630399385
Adjustments to reconcile net profit to cash flow from operating activities		
Fixed assets depreciation	59457748	68747123
Provisions	93176895	85314303
Credit interests	-343271142	-85861873
Investment income	-122497995	-13575857
Capital gain / losses	-66933	-387346
Debit interests	134295166	64309163
Foreign currency losses	145100957	55173942
Operating profit before changes in working capital	<u>3221605018</u>	<u>1804118840</u>
Changes in trade, notes receivables and other receivables	316499092	-1706478823
Changes in inventories	-459530444	140569278
Changes in trade and notes payable	-178582219	955401609
Cash flow from operating activities before extraordinary item:	<u>2899991447</u>	<u>1193610904</u>
Proceeds from credit interests	342255938	85690597
Payments for debit interests	-131962606	-52630004
Payments of income tax	-317988656	-65771370
Net cash (used in) operating activities	<u>2792296123</u>	<u>1160900127</u>
Cash flows from investing activities		
Payments for purchase of fixed assets	-196715740	-14098408
Proceeds from fixed assets	66933	387346
Investments revenue	107625000	13575857
Current investments	-770099502	-1483133255
Non-current investments	-537516529	-91862561
Net cash (used in) investing activities	<u>-1396639838</u>	<u>-1575131021</u>
Cash flows from financing activities		
Dividends payable	-811969074	-59743631
Loans	-151510598	-163380104
Finance lease liabilities	-920233	-256736
Bank credit facilities	-193414825	218906640
Cash flows (used in) financing activities	<u>-1157814730</u>	<u>-4473831</u>
Cash flows from all activities	<u>237841555</u>	<u>-418704725</u>
Foreign exchange differences	164874045	223743314
Foreign exchange differences (<u>Comprehensive Income</u>)		100479243
Expected credit losses for cash and equivalents	<u>-1015590</u>	<u>-1861975</u>
Net increase (decrease) in cash and cash equivalents during the year	<u>401700010</u>	<u>-96344143</u>
Cash and cash equivalents at the beginning of the year	<u>283277831</u>	<u>379621974</u>
Cash and cash equivalents at the end of the year	<u>684977841</u>	<u>283277831</u>
The accompanying notes from no. (1) to (21) form an integral part of these financial statements.		

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

First- Background:

- Sidi Kerir Petrochemicals (Sidpec) Is an Egyptian Joint Stock Company established under the investment incentives and guarantees law no. (8) of 1997 and related executive regulations as replaced by law no. (72) of 2017, and under law no. (159) of 1981 with regarding to law no. (9 5) of 1992.
- **Registration in the Commercial Registry**

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

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

- **Capital structure:**

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

- **Registration in the Stock Exchange:**

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

- **Head office:**

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

Purpose of the company:

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

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

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

Engineer / Mohamed Mohamed Ibrahim
- **The company’s production capacity:**
 - Production of Ethylene with a production capacity of 300 thousand tons yearly.
 - Production of Polyethylene with a production capacity of 225 thousand tons yearly.
 - Facilities with the capacity needed to cover the Company’s production projects.
 - Production of Biotin with a production capacity of 10 thousand tons yearly
 - Production of butane gas with a production capacity of 50 thousand tons yearly with maximum according to the feed gases specifications.
- **Authorization of the financial statements:**

The financial statements were prepared by the Company’s management, then the audit committee present it to the Board of Directors to authorize for issue and approved on January 22, 2024.

Second- Basis of preparation of the financial statements

Statement of compliance

- These financial statements have been prepared in accordance with Egyptian Accounting Standards, and in the light of applicable Egyptian laws and regulations. The financial statements have been prepared in accordance with an updated Egyptian Accounting Standards (EAS) issued as per the decree of the minister of investment No. 110 of 2015, issued on July 9, 2015, as replaced by the Ministry of Investment and International Cooperation issued Resolution no. (69) of 2019 on April 7, 2019 and in the light of related Egyptian laws and regulations.
- The Egyptian standards is applied to financial periods beginning on or after January 1, 2021 and according to the decree of Prime Minister no. (1871) of 2020, Egyptian Accounting Standard (47) “Financial Instruments”, Egyptian Accounting Standard (48) “Revenue from Contracts with Customers”, Egyptian Accounting Standard (49) “Leasing Contracts”.
- The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

Basis of measurement

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

Functional and presentation currency

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

Use of Estimates and assumptions

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

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

Reviewed accounting estimates are recognized in the same revision period, and impact of revaluation takes place in that period or in any future financial periods that may affected by it. Information about significant items in which these estimates and personal judgment are used, which have a significant effect on the values in the financial statements, is included in the following notes:

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

Statement of cash flow

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

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

Comparative figures

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

Third: Significant accounting policies

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

Foreign currency transactions

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

Discontinuing operation

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

Property, plant and equipment

Recognition and initial measurement:

- Plant and equipment are recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably.

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

- The fixed assets owned by the company and held for use in production or provision of goods or services or for administrative purposes are proven at cost and fixed assets in the financial position are shown at historical cost, less the combined depreciation and accumulated loss resulting from the decrease in value.
- Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for their intended use, the costs of dismantling and removing the items, and restoring the site on which they are located and capitalized borrowing costs.
- Computer software programmes acquired, which enhances or extends the performance of computers is capitalized and added to the original cost of the software.
- Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets represents a component of the cost of these assets. Capitalisation should cease when substantially all of the activities necessary to prepare the asset for its intended use or sale are complete. all borrowing costs are recognised in profit or loss in the period in which they are incurred.

Subsequent costs on the acquisition

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

Depreciation

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

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

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

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

Capital gains and losses from the exclusion of fixed assets

- Profits and losses resulting from the exclusion of fixed assets arising from comparison of net selling value and net book value of the asset resulting in capital gains and losses recognized in the income statement.

Borrowing costs

- Borrowing costs include interest on bank overdrafts and borrowings, finance charges on finance lease and exchange differences on foreign currency borrowings where they are regarded as an adjustment to interest cost are recognised in profit or loss. Capitalisation should commence when borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets, are added to the cost of those assets, and depreciated over the useful life.
- Capitalisation should commence when expenditures are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation should be suspended during periods in which active development is interrupted.

Right of use assets

Recognition and initial measurement:

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

Right of use assets subsequent measurement:

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

Depreciation

- The estimated useful lives of right of use assets are determined on the same basis as those of property, plant and equipment. The right of use asset is depreciated on a lease term, if ownership of the leased asset transferred to the Company at the end of the lease term or if the company will exercise the purchase option. Otherwise, right of use assets are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

Projects under construction

- Expenditures incurred on purchasing and constructing fixed assets are initially recorded in projects under construction, projects under construction are measured at cost less

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

accumulated impairment losses. No depreciation is charged until the project is completed and transferred to fixed asset.

- All expenses related to cost include direct and necessary to prepare the asset to the state that is ready to use and in the purpose for which it was acquired. The asset is transferred from projects under construction to fixed assets when it is completed and ready to use.

Real estate investments

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

Long term investments

- The carrying values of investments in associates and joint ventures are reviewed on a regular basis and if impairment in the value has occurred, it is written off in the period in which those circumstances are identified.
- Long-term investments are recognized at cost on acquiring date, and the carrying amount is increased or decreased to recognize the investor’s share of the profit or loss of the investee after the date of acquisition and the investor’s share of the investee’s profit or loss is recognised in the investor’s profit or loss.
- Long-term investments are usually carried at cost. However, when there is a decline, other than temporary, in the value of a long-term investment, the carrying amount is reduced to recognise the decline. Indicators of the value of an investment are obtained by reference to its market value, the investee’s assets and results and the expected cash flows from the investment. The type and extent of the investor’s stake in the investee are also taken into account. Restrictions on distributions by the investee or on disposal by the investor may affect the value attributed to the investment

Inventories

- Inventories are stated at the lower of cost or net realizable value. The net realizable value is estimated at the selling price in normal activity, less the expected cost of completing those items, in addition to the selling expenses for that inventory. The cost of inventory is represented in the cost of acquisition and in addition to the necessary costs associated with the inventory to its location which to be ready for use. Cost of inventories are determined according to the following:

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

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

Trade receivables, and other receivables

- Trade, notes receivables, and other receivables which does not include interests are recognized at nominal value net of any impairment losses. The impairment is calculated based on actual historical data that has occurred. Impairment losses are measured as the difference between the recoverable carrying amount and the present value of estimated future cash flows.

Related party transactions

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

Financial instruments

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

Impairment

A) Financial assets

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

to the income statement if the decrease in its value indicates a decrease in the value of the financial asset available for sale.

- Impairment losses are refunded if it can be linked objectively to an event that occurred after the recognition of impairment losses related to financial assets measured at amortized cost and financial assets that are considered a debt instrument in the income statement.

Impairment losses in the value of financial assets available for sale are refunded by equity

B) Non-financial assets

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

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

Impairment of financial assets

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

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

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

-Low risk financial instruments are classified when recognized on phase one and credit loss is closely monitored continually through the company

- If there is determination of material increasing in credit losses on 1st recognition, the financial instruments to be transferred to phase two since there is no consideration of impairment losses in this phase

-If there is indicator of impairment losses thus the financial instruments to be transferred to phase three

Financial Instruments and risk management

Liquidity risk:

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

Market risk:

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

Foreign currency risk:

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

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

Interest rate risk:

- Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company’s exposure to the risk of changes in market interest rates relates primarily to the company’s obligations with variable interest rates. Interest on financial instruments is re-priced with a variable interest rate from one period to another, not exceeding one year.

Cash and equivalent

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

Capital management

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

Legal reserve

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

Lease contract obligation

Initial recognition

- The Company recognizes a lease liability at the lease commencement date.
- The lease liability is initially measured at cost, at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company’s incremental borrowing rate. The incremental borrowing rate reflects the rate of interest that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

- The lease payments at the start of the lease that are not paid at the start date of the lease consist of fixed payments less any lease incentives receivable, and variable payments based on an index or rate.
- The lease payments also include amounts expected to be paid under residual value guarantees.
- And the exercise price of the purchase option if the lessee is reasonably certain to exercise that option.
- Payments of fines for termination of the lease if the lease term reflects the exercise of the option to terminate the lease.

Subsequent measurement of the lease obligation

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

Provisions

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

Income and deferred Tax

Income tax

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

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

Deferred tax

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

Trade and other payables

- Trade and other payables are liabilities to pay for goods or services that have been received or supplied and have been invoiced or formally agreed with the suppliers in the ordinary course of business. Creditors are recognized as current liabilities if these liabilities need to be paid within a year or less (or if the ordinary operation process lasts longer) otherwise it recognized as non-current liabilities.
- Trade payables are recognized initially at fair value and subsequently measured at amortized cost using effective interest rate.

Revenue recognition

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

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

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

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

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

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

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

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

Revenue recognition

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

Investment income

- Revenues from financial investments are recognized when the right of the company’s shareholders to the distributions made by sister companies and available for sale in the

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

financial period in which those dividends are approved by the general assemblies of the investee companies is established.

- Investment income is recognised within the limits of the dividends the company receives from the investee companies, which are realized after the date of acquisition, as of the date of the distribution decision issued by the general assemblies of the investee companies, which approved the dividends distribution.

Finance income

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

Expenditures

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

Lease payments

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

Pension Plan

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

Finance costs

- Finance costs comprise interest expense on borrowings, fair value losses on financial assets at fair value through profit, or loss impairment losses recognized on financial assets.

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

- Borrowing costs that are not directly attributable to the acquisition, construction, or production of a qualifying asset are recognized in profit or loss using the effective interest method.
- Foreign currency gains and losses are reported on a net basis.

Shares profitability

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

Employees' share of profits

- In accordance with the companies law and the basic regulations of the company, 10% of the company's profits are distributed to employees provided that they do not exceed the total annual wages for them for the last financial year before distribution and recognizes the share of employees in profits as part of the dividends in property rights and obligations when the General Assembly approves the company's shareholders and does not register any commitments to the share of the two worlds in undiversified profits.

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

1- Fixed Assets

	Land	Buildings and constructions	Machinery and equipment	Vehicles	Furniture and furnishings	Tools & Supplies	Right use of assets	Total
	EGP	EGP	EGP	EGP	EGP	EGP	EGP	EGP
Cost:								
Cost as at January 1, 2023	271144584	304249176	2704001319	9876290	84406640	60162700	5602671	3439443380
Additions during the year	1525300	5209512	2852769	1170000	21688703	1034049		33480333
Disposals during the year		2013853	22763020	166481			1170000	26113354
Cost as at December 31, 2023	272669884	307444835	2684091068	10879809	106095343	61196749	4432671	3446810359
Accumulated Depreciation:	0							
Accumulated Depreciation as at January 1, 2023		238065817	1859454582	8407518	68380024	52473549	2953466	2229734956
depreciation during the year		2973924	44641776	420265	9182594	1352654	886534	59457747
Accumulated depreciation adjustments		-1705742	-21811958	911842	0	0	-1078323	-23684181
Accumulated Depreciation as at December 31, 2023	0	239333999	1882284400	9739625	77562618	53826203	2761677	2265508522
Net Book Value as at December 31, 2023	272669884	68110836	801806668	1140184	28532725	7370546	1670994	1181301837
Net Book Value as at December 31, 2022	271144584	66183359	844546737	1468772	16026616	7689151	2649205	1209708424

Lands are divided into:

Lands in-kind share of 180 acres represents Egyptian Petrochemical Company share, one of the petroleum sectors companies, upon the establishment of the company and it was evaluated by three legal committees at that time. All the in-kind shares were registered in the Real Estate Registry except for 70 acres space because of a legal dispute between the Egyptian Petrochemicals Company and Al-Nahda Company the land seller on the space difference deficit, not a dispute over ownership. Knowing that all the company’s buildings are built on these lands, and the company has had a quiet and stable possession since 1998.

- * An area of approximately 116 acres owned by the company, other than its public benefit spaces, based on fully registered contracts, except for a 14-acre plot, other than its public common benefits area. And it was found that there was a judicial dispute over this plot between the seller and others. The company has taken all legal procedures to preserve its rights and the company has a quiet and stable possession. Part of this land is included in the real estate investment of the company.

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

- * During 2019 the Company purchased a land of approximately 76 acres excluded the common public benefit space, and it was transferred to the Company's ownership according to ownership contracts registered in the Real Estate Registry.
- * Production assets are fully depreciated with a retention value of one pound for assets still in operation.

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”**Notes to the Financial Statements (Continued)****For the Financial Year Ended December 31, 2023**

Translation From Originally Issued in Arabic

2- Right of use assets	<u>31/12/2023</u>	<u>31/12/2022</u>
<u>Vehicles</u>	<u>EGP'000</u>	<u>EGP'000</u>
Cost at the beginning of the year	5603	4775
Additions during the year	0	828
Proceeds during the year	-1170	0
Cost as at December 31, 2023	<u>4433</u>	<u>5603</u>
<u>Accumulated amortization</u>		
Accumulated amortization, beginning balance	2954	2309
Accumulated amortization adjustments	-1078	-462
Add: amortization during the year	1107	886
Accumulated amortization as at December 31, 2023	<u>2762</u>	<u>2954</u>
Right of use assets (Net) as at December 31, 2023	<u>1671</u>	<u>2649</u>

The financial impact of applying EAS related to finance lease no. (49) and the amount is charged to the profit and loss statements for the financial period ended 31/12/2023

Right of use assets recognized on statements of income for the period ending December, 31, 2023

	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>EGP'000</u>	<u>EGP'000</u>
Amortization for the year	886	1107
Interest of financial lease	449	422
Total	1335	1529

3- Projects under construction	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>EGP'000</u>	<u>EGP'000</u>
* Butagaze modification unit	7086	7130
Propylene and polypropylene project and utilities	281553	381709
Human resources management system (ERP)	13054	25462
Renewal of maintenance planning systems, software and safety	0	1639
Lightening protection systems and pl system	0	499
Hazop project	0	0
Steam energy generation Project	159213	990
Polylactic acid project	1624	1624
Development of administrative buildings	679	0
Developing the cybersecurity system	23940	0
Water project for Alex land	2131	0
Gas reduction and metering station	10989	0
Gas extinguishing panel	1722	0
Developing fire systems	8679	0
Total	<u>510670</u>	<u>419053</u>
Impairment of assets	<u>-8711</u>	<u>0</u>
Net	<u>501959</u>	<u>419053</u>

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

		<u>31/12/2023</u>	<u>31/12/2022</u>
Property investments			
*			
	The property investments represent the value of the allocated land as right of use, according to the contract with the Egyptian Company for Ethylene and its Derivatives in financial year 2021	13396	14922
4-	The value of lands allocated for right of use		
	Total		
		<u>Percentage of shares</u>	
	Long-term investment	<u>31/12/2023</u>	<u>31/12/2022</u>
		<u>EGP'000</u>	<u>EGP'000</u>
	Egyptian Ethylene and Derivatives Company	20% 958303	958303
5-	Petrochemicals Logistic Services Company	20% 73840	57840
	Wood Technology Company*	28% 885300	425801
	Red Sea National Petrochemicals Company	5% 234378	234378
	Alexandria Fiber Company	20% 57310	57310
	The Egyptian company for organic ethanol	7.5% 92250	0
	less:		
	Allowance for expected credit losses	-57310	-57310
	Provision for investment risk	-30233	0
	Total	<u>2213838</u>	<u>1676322</u>

-Wood Technology Company increased its issued capital from 65 Million Euro to 132 million Euro by amount of 67 million Euro within the authorized capital , and the share of Sidi Kerir Petrochemicals Company amounted to about 18,760 million Euro has been totally paid through 2023.

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

-The contribution of the company in the paid up capital of the Egyptian company for Ethylene is 7.5% amounting to 3 million dollars It is one of the green projects that supports sustainability to reduce carbon emissions, and it has been paid in full

-The decisions of the Ordinary General Assembly of the Iskandria Fiber Company were issued and a judicial liquidator was appointed for the company, who assumed his responsibilities. The Ordinary General Assembly of the company was invited to convene on 12-28-2023 and issued its decision to authorize the liquidator, Mr. Abdullah Muhammad Al-Adly, or whomever he delegates, to terminate the company's contract and erase the record. Commercial and termination of liquidation

Sidi Kerir Petrochemicals (Sidpec) “S.A.E”**Notes to the Financial Statements (Continued)****For the Financial Year Ended December 31, 2023**

Translation From Originally Issued in Arabic

	31/12/2023	31/12/2022
	EGP'000	EGP'000
Inventories		
Chemicals and packaging materials and	242497	127706
6- Spare parts inventory	602932	428919
Auxiliary materials	5587	1928
Raw materials & equipment inventory	103505	42917
Available for sale inventory	92717	17884
Finished goods inventory	289103	257457
Total	<u>1336341</u>	<u>876811</u>
	<u>31/12/2023</u>	<u>31/12/2022</u>
	EGP'000	EGP'000
Trade and notes receivable		
Polyethylene trade receivables	294976	299295
7- Ethan trade receivables	13313	28397
Ethylene trade receivables	.	700
Total	<u>308289</u>	<u>328392</u>
Minus		
Expected credit loss	<u>-3656</u>	<u>-3532</u>
Total	<u>304633</u>	<u>324860</u>
Due to related parties	<u>31/12/2023</u>	<u>31/12/2022</u>
	EGP'000	EGP'000
Egyptian General Petroleum Corporation (EGPC)	877788	593675
8- The Egyptian Holding Company for Petrochemicals	97113	36382
The Egyptian Ethylene and Derivatives Company (ETHYDCO)	59904	505352
Styrenks Company	81695	67337
Logistical Petrochemicals Company	—	16000
Ebram company	1376	1526
The Egyptian Linear Alkyl Benzene Co. (ELAB)	88	24
Petroleum Arrows Company	0	733
Amerya company	185	0
Arab Petroleum Pipelines Company (SUMED)	408	408
The Egyptian company for fertilizers	368	0
The Egyptian company for organic ethanol	108	0
Alameen for silicon products	13	0
Red Sea Company	356177	158241
Wood technology company	0	4034
Building Development	527	1053
Total	<u>1475750</u>	<u>1384765</u>
	<u>-33692</u>	<u>-7943</u>
Less:		
Expected credit losses		
Total	<u>1442058</u>	<u>1376822</u>

Sidi Kerir Petrochemicals (Sidpec) "S.A.E"**Notes to the Financial Statements (Continued)****For the Financial Year Ended December 31, 2023**

Translation From Originally Issued in Arabic

Advance payments	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>EGP'000</u>	<u>EGP'000</u>
UOP Company	8797	8797
Medjinco International Trade	11348	0
Paralloy limited	14773	0
The Egyptian company for advanced systems	222	0
Technical Office for Engineering Consultations	70	0
Future house	5918	0
ABB Industrial system	2206	0
9- Thssenkrupp Company		0
Total	<u>43334</u>	<u>8797</u>
Debtors and other receivables	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>EGP'000</u>	<u>EGP'000</u>
Value added tax	106549	122795
10- Accrual deposit interests	1326	310
Advanced payments for suppliers and constructors	223307	508354
Employees loans	100676	24949
`Income tax prepayments	315945	396757
Prepaid expenses	4522	13134
Sales tax "Vat" from Customs Department	13863	25308
Deposit with others	563	563
Total	<u>766751</u>	<u>1092170</u>
Less:		
Expected credit losses	-23	-161
	766728	1092009
Total		
Financial investments through profit and losses	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>EGP'000</u>	<u>EGP'000</u>
Investment Certificates	1827987	726566
11- Treasury bills	483396	809145
Total	<u>2311383</u>	<u>1535711</u>
Cash and cash equivalents	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>EGP'000</u>	<u>EGP'000</u>
Time Deposits	409590	196540
12- Cash at banks	189391	86113
Governmental payment system	88874	2487
Total	<u>687855</u>	<u>285140</u>
Less:		
Expected credit losses	-2878	-1862
	(161)	
	1 090 009	

Sidi Kerir Petrochemicals (Sidpec) "S.A.E"**Notes to the Financial Statements (Continued)****For the Financial Year Ended December 31, 2023**

Translation From Originally Issued in Arabic

	Total	684977	283278
	Bank - current accounts	<u>31/12/2023</u>	<u>31/12/2022</u>
		<u>EGP'000</u>	<u>EGP'000</u>
1/12	Current Account – EGP	162164	53999
	Current Account – USD	27227	32114
	Total	<u>189391</u>	<u>86113</u>
	Time deposits	<u>31/12/2023</u>	<u>31/12/2022</u>
		<u>EGP'000</u>	<u>EGP'000</u>
2/12	Time Deposits – USD	409590	196540
	Total	<u>409590</u>	<u>196540</u>

Balances in foreign currencies were revalued at the balance sheet date based on the exchange rate of EGP 30.75 / Dollars

Deposits appearing in the financial statements include 2.5 \$million held as collateral against open documentary credits

* **Issued and paid-up capital**

	<u>No. of shares</u>	<u>Issued and paid-up capital</u>	<u>Shares percentage</u>
Egyptian holding company for petrochemicals	١٥١٢.٠٠٠٠	٣.٢٤.٠٠٠٠	%٢٠
The insurance fund for government worker	١٥٦٨٨٤٢١٢	٣١٣٧٦٨٤٢٤	%٢٠,٧٥
13- The insurance fund for private and public sector workers	٩٢٥٦.٧٥٥	١٨٥١٢١٥١.٠	%١٢,٢٤
The Egyptian Petrochemical company	٥٢٣٣٨٤٦٣	١.٤٦٧٦٩٢٦	%٦,٩٢
The National Investment Bank	٥٢٣٣٨٤٦٣	١.٤٦٧٦٩٢٦	%٦,٩٢
El-Ahly Capital	٥٢٣٣٨٤٦٣	١.٤٦٧٦٩٢٦	%٦,٩٢
Misr Insurance and life Insurance company	١٤.٢٢٣٤٢	٢٨.٤٤٦٨٤	%١,٨٥
Naser bank	١.٠٨.٠٠٠	٢.١٦.٠٠٠	%١,٣٣
Other shareholders	١٧٤٢٣٧٣.٢	٣٤٨٤٧٤٦.٤	%٢٣
Total	<u>٧٥٦.٠٠٠٠٠</u>	<u>١٥١٢.٠٠٠٠٠</u>	<u>%١٠٠</u>

-The authorized capital amounted to 5100 billion Pounds and the issued and paid-up capital was 1,512 billion Egyptian pounds distributed over the number of 756 million shares with a nominal value per share of 2 Egyptian pounds.

-The general assembly meeting dated 31/3/20223 has approved to distribute an amount of LE.90 for each share for transactions executed up till 14/5/2023 and the amount to be paid on two installments on 17/5/2023 with amount of LE 0.50 and on 4/10/2023 with amount of LE 0.40

Sidi Kerir Petrochemicals (Sidpec) "S.A.E"**Notes to the Financial Statements (Continued)****For the Financial Year Ended December 31, 2023**

Translation From Originally Issued in Arabic

Earnings per share			
	Net profit for the year according to the income statement	2458697	1238078
1/13	Less:		
	Employee's profit share and the board of directors	-379670	-130048
	Net	<u>2079027</u>	<u>1108030</u>
	The weighted average for number of shares	756000	630000
	Earnings per share for the year	<u>2.75</u>	<u>1.76</u>
	Other reserves	<u>31/12/2023</u>	<u>31/12/2022</u>
		<u>EGP'000</u>	<u>EGP'000</u>
	Capital reserve	5350	4963
14-	Investment reserve	<u>1525000</u>	<u>1525000</u>
	Total	<u>1530350</u>	<u>1529963</u>
	Provisions	<u>31/12/2023</u>	<u>31/12/2022</u>
		<u>EGP'000</u>	<u>EGP'000</u>
	Tax Provision	246000	174000
15-	Total	<u>246000</u>	<u>174000</u>
	Provisions	<u>31/12/2023</u>	<u>31/12/2022</u>
		<u>EGP'000</u>	<u>EGP'000</u>
	Beginning balance	174000	102000
1/15	Used during the year	<u>-2768</u>	<u>-41580</u>
	Additions	<u>74768</u>	<u>113580</u>
	Ending balance	<u>246000</u>	<u>174000</u>
	Deferred tax	<u>31/12/2023</u>	<u>31/12/2022</u>
		<u>EGP'000</u>	<u>EGP'000</u>
	Beginning balance	135182	130950
16-	Deferred tax for the year	<u>61200</u>	<u>4232</u>
	Ending balance	<u>196382</u>	<u>135182</u>
	Due to related parties	<u>31/12/2023</u>	<u>31/12/2022</u>
		<u>EGP'000</u>	<u>EGP'000</u>
	Egyptian Natural Gas Company (Gasco)	612348	556347
	Egyptian Petrochemicals Holding Co	42773	138107
17-	Petro jet company	332	332
	Amerya for Petroleum refining	.	١٣٩
	Alexandria for petrol	117	0
	Aboear company for petrol	478	0
	Others	11	14
	Total	<u>656059</u>	<u>694939</u>

Sidi Kerir Petrochemicals (Sidpec) "S.A.E"**Notes to the Financial Statements (Continued)****For the Financial Year Ended December 31, 2023**

Translation From Originally Issued in Arabic

Trade and notes payables		<u>31/12/2023</u>	<u>31/12/2022</u>
		<u>EGP'000</u>	<u>EGP'000</u>
	Trade receivables in advance	159484	648758
18-	Deposits from others	14756	9495
	Accrued expenses	383383	134688
	Social contribution for medical insurance	33943	22114
	Dividend creditors	600	0
	Due to tax Authorities	176808	142248
	Medical System	22255	17739
	Supplementary pension	20	2422
	Debtors- Scraps	1370	705
	Total	<u>792619</u>	<u>978169</u>
loans and credit bank facilities		<u>31/12/2023</u>	<u>31/12/2022</u>
Loans		<u>\$'000</u>	<u>EGP'000</u>
	National Bank long-term installments	٢٢٣٦٤	٦٨٧٧.٤
	National Bank long-term installments (CHP)	4593	0
19-	National Bank accrued loan installments during the year	10000	246600
	Accrued deposit interests	572	14786
	Total	<u>37529</u>	<u>1059491</u>

-The company signed a medium-term financing contract on October 19, 2021 with the National Bank of Egypt for a five-year period ending on January 18, 2027 for the purpose of paying the current dues, under which the company received 50 million U.S. Dollars to be paid in quarterly installments of 20 equal installments of \$2,500 million except for the last installment valued at \$2,364 million.

-The company has signed financial contract for 5.25 years with the National bank of Egypt on 18/2/2023 in the light of industrial pollution control program on which the company has obtained 16,700 Million USD to be paid on quarter year installments with an amount of 1.12 Million USD per installment

-The company provided the Bank with the guarantee that from the expiry date of the available period and allowing 6 months from the date of signing the financing, the obligation and pledge to transfer an export proceed covering 120% of the value of the quarterly obligations before the maturity date of the loan is made with the possibility of dealing with those receipts in the absence of benefits payable.

* **Bank credit facilities**

		<u>31/12/2023</u>	<u>31/12/2023</u>	<u>31/12/2022</u>
		<u>\$'000</u>	<u>EGP'000</u>	<u>EGP'000</u>
	The Arab bank _ \$	1800	55339	154899
1/19	NBK _ \$	7651	235263	219771
	Ahli united bank _ \$	9920	305018	352732
	NBK _ EGP	0	75610	1
	Total	<u>19371</u>	<u>671230</u>	<u>727403</u>

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

Sidi Kerir Petrochemicals (Sidpec) "S.A.E"**Notes to the Financial Statements (Continued)****For the Financial Year Ended December 31, 2023**

Translation From Originally Issued in Arabic

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

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

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

	Revenue	Quantity sold	31/12/2023	31/12/2022
20-	Ethylene	39284	1136896	835289
	Polyethylene	211883	8621989	6523218
	Unprocessed petroleum gas	38609	563163	337387
	Butene	5201	210787	213968
	Naphta	6654	49255	29663
	Ethan	3712	225537	133106
	CO2	25479	7286	7802
	LPG Unit Returns	4553	46492	38636
	Net importer for sale	55148	2330125	538650
	Total		13191530	8657719
	Polyethylene	Quantity sold	31/12/2023	31/12/2022
			Million EGP	Million EGP
	Local sales	123023	5745246	3763570
	Export	88575	2866807	2750932
	Waste production	285	9936	8717
	Total	211883	8621989	6523218
	Investment revenue		31/12/2023	31/12/2022
			Million EGP	Million EGP
	Ethedico's right of use		14873	13576
	Investments in Athedico company		107625	
2/20	Total		122498	13576
	Other operating revenues		31/12/2023	31/12/2022
			Million EGP	Million EGP
	Revenue from scrape production		20809	24014
3/20	Total		20809	24014

Sidi Kerir Petrochemicals (Sidpec) "S.A.E"**Notes to the Financial Statements (Continued)****For the Financial Year Ended December 31, 2023**

Translation From Originally Issued in Arabic

	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>Million EGP</u>	<u>Million EGP</u>
Other income		
Other miscellaneous revenue	6551	3966
4/20 Compensations	0.093	60084
Capital Gain	0.068	0.387
Total	<u>6711</u>	<u>64437</u>
Credit interests	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>Million EGP</u>	<u>Million EGP</u>
Interest from deposits, treasury and investment documents	343271	85862
5/20 Total	<u>343271</u>	<u>85862</u>
Expenditures	<u>31/12/2023</u>	<u>31/12/2022</u>
Cost of goods sold	<u>Million EGP</u>	<u>Million EGP</u>
Salaries & wages	1407919	1091903
21 Raw materials &supplies	5327444	4313411
1/21 Service requirements	881244	437796
Depreciation	49043	59823
Add - finished goods beginning balance	257457	465829
Less - finished goods ending balance	-289103	-257457
Cost of imported product for sale	1795737	437527
Total	<u>9429741</u>	<u>6548832</u>
Selling and marketing expenses	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>Million EGP</u>	<u>Million EGP</u>
Salaries & wages	42754	39555
2/21 Tools and equipment	<u>0.064</u>	<u>0.004</u>
Service equipment	<u>88556</u>	<u>65256</u>
Total	<u>131374</u>	<u>104815</u>
General and administrative expenses	<u>31/12/2023</u>	<u>31/12/2022</u>
	<u>Million EGP</u>	<u>Million EGP</u>
Salaries & wages	225579	165412
3/21 Tools and equipments	2311	3005

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

	Service supplies	171049	105743
	Depreciation	10416	8924
	Board of directors meeting attendance allowances	0.063	0.059
	Total	<u>409418</u>	<u>283143</u>
	Other expenses	<u>31/12/2023</u>	<u>31/12/2022</u>
		<u>Million EGP</u>	<u>Million EGP</u>
	Donations	10646	9928
	Social contribution	33943	22114
4/21	Impermeant expenses	38945	
	Total	<u>83534</u>	<u>32042</u>
	Finance expenses	<u>31/12/2023</u>	<u>31/12/2022</u>
		<u>Million EGP</u>	<u>Million EGP</u>
	Finance expenses	134295	64309
5/21	Total	<u>134295</u>	<u>64309</u>
	Foreign exchange losses	<u>31/12/2023</u>	<u>31/12/2022</u>
		<u>Million EGP</u>	<u>Million EGP</u>
	Foreign exchange losses	145101	55174
6/21	Total	<u>145101</u>	<u>55174</u>

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

Fifth- Other Explanatory Notes

Tax status

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

Corporate income tax

The company is subject to the law no 91 for the year 2005 and its amendments with consideration of the law no 206 for year 2020 and The Unified Tax Procedures Law and its amendments

First: Salary tax

- The yearly income tax return submits in legal dates and the company regularly paid the tax up till 2022
- The period till 2019 was examined, and inspection differences were paid
- The company has not been notified of the inspection for the years 2020 till 2022

Second: Corporate tax on legal person

- The company submits Tax report on its date on a regular basis and the company regularly pays the taxes till 2021
- Tax inspection has taken place till 2014 and all the adjustments have been paid
- Tax inspection has taken place for the years from 2015 till 2019 resulting tax differences, and the company appealed it, the internal committee discussed it, and documents were presented, but the committee has not issued the report up to date
- The company has not been notified of the inspection for the years 2020 till 2022

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

Third: Withholding tax

- The company is subject to the advance payments system from the date of its submission in 2011 in accordance with the requirements of the law. The company is committed to pay the estimated amounts during the year. The tax is settled with the tax return at the end of the tax period, and interest is calculated on those payments in accordance with the law.
- The company has not received any claims from the Tax Authority to date.

Fourth: Withholding tax debit

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

Stamp tax

- The company is subject to pay tax in legal dates according to the law no 111 for year 1980 and its amendments, with consideration of the law no 206 for year 2020
- The company regularly submits tax reports on its due dates and regularly pays the tax up to date
- The period from the beginning till 2014 was examined, and inspection differences were paid.
- The period from 2015 till 2018 was examined, and the results were appealed, which to shift the dispute to the internal committee.
- The company has not been notified of the inspection for the years from 2019 till 2022.

Value added tax

- The provided models are submitted on legal dates, and the company paid monthly tax.
- The period from 2018 till 2021 was examined, and inspection differences were under settlement with tax authority.
- The company has been notified of the inspection for year 2022

Real estate tax

- The company submitted income tax return in legal dates , and the company paid yearly tax till 2023
- The company's headquarters was inspected and the rental value on which the tax on built real estate is calculated and the beginning of the application was determined from the first of July 2013, and the five-year estimate was re-estimated and the rental value was paid until 2022

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

Quality certificates

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

Environmental and Social responsibility

- The company has maintained the slogan of a clean and safe environment since its inception by continuously controlling environmental manifestations in order to preserve natural resources and prevent or reduce environmental risks by working in line with the following laws, legislation and instructions:
- Egyptian Environmental Law No. 4 of 1994 and Environmental Law No. 9 of 2009.
- Industrial Exchange Law No. 48 of 1982.
- Minister of Petroleum Decision No. 673 of 1999 regarding the list of hazardous substances and waste within the petroleum sector.
- The company's occupational safety, health and environmental protection management system.
- Obtaining the environmental approval from the Environmental Affairs Agency for the Environmental Impact Assessment Study of Type (B) for the project of establish a sewage treatment plant in the company's administrative buildings.
- Maintaining the cleanliness of the environment, air measurement, and the safe disposal of hazardous and solid waste in the company by regularly delivering it to the hazardous waste landfill in Alexandria while improving the performance of the units, which reduced the quantities of waste generated, as well as the commitment to contracting with specialized companies to transport hazardous waste to the landfill.

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

Notes to the Financial Statements (Continued)

For the Financial Year Ended December 31, 2023

Translation From Originally Issued in Arabic

Important events

- The general assembly meeting dated 31/3/2023 has approved to distribute an amount of LE.90 for each share for transactions executed up till 14/5/2023 and the amount to be paid on two installments on 17/5/2023 with amount of LE 0.50 and on 4/10/2023 with amount of LE 0.40
- Most of the countries of the world, including Egypt, were exposed to a state of economic slowdown in the first quarter of 2022 at the global and local levels as a result of the repercussions of global conflicts, especially the Russian-Ukrainian war and the delay in supply chains, which appeared to affect all activities in a different way in Egypt.
-