

Ezz Steel Company (S.A.E)

Separate Interim Financial Statements For The Six Months ended June 30, 2024
&
Limited Review Report

Ezz Steel Company (S.A.E)

Separate Interim Financial Statements For The Six Months Ended June 30, 2024

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Limited Review Report On The Separate Interim Financial Statements

TO: THE BOARD OF DIRECTORS OF EZZ STEEL COMPANY (S.A.E)

Introduction

We have performed a limited review for the accompanying separate interim financial statements of **EZZ STEEL COMPANY (SAE)** which comprise the separate interim financial position as of June 30, 2024 and the related separate interim statements of the income, comprehensive income, changes of shareholders' equity and cash flows for the six months then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these separate interim financial statements in accordance with the Egyptian Accounting Standards. Our responsibility is to express a conclusion on these separate interim financial statements based on our limited review.


Scope Of Limited Review

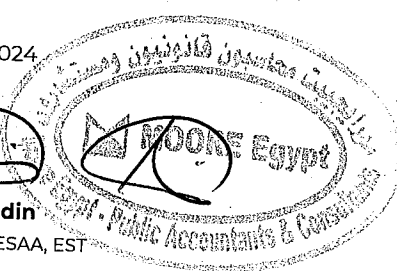
We conducted our limited review in accordance with the Egyptian Standard on Limited Review Engagements (2410), 'Limited Review of the interim Financial Statements Performed by The Independent Auditor of The Entity'. A limited review of the separate interim financial statements consists of making inquiries, primarily of persons responsible for Financial and accounting matters in the company and applying analytical and other limited review procedures. A limited review is substantially less in scope than an audit conducted in accordance with the Egyptian Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the separate interim financial statements.

Conclusion

Based on our limited review, nothing has come to our attention that causes us to believe that the accompanying Separate interim financial statements do not present fairly in all material respects the financial position of **EZZ STEEL COMPANY (SAE)** as of June 30, 2024 and its financial performance and its cash flows for the six months then ended in accordance with the Egyptian accounting standards.

Cairo, Egypt
September 10, 2024


Beshir S. Nouredin
FCCA, FIPA, FFA, FESAA, EST
(RAA 34360)
(FRA 407)
Moore Egypt



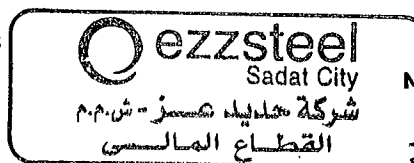
Separate Interim Statement Of Financial Position

	Note No.	30/06/2024 EGP	31/12/2023 EGP
Assets			
Non-Current Assets			
Fixed Assets	(11)	514,979,183	508,164,870
Projects Under Construction	(12)	17,771,393	3,295
Investments In Subsidiaries	(13-1)	11,127,193,472	11,127,193,472
Other Investments	(13-2)	--	--
Deferred Tax Assets	(28-1)	83,753,676	136,236,792
Total Non-Current Assets		11,743,697,724	11,771,598,429
Current Assets			
Inventories	(15)	4,185,305,808	2,092,224,250
Trade & Notes Receivables	(16)	281,708,464	54,893,089
Debtors & Other Debit Balances	(17)	3,020,501,766	1,144,086,683
Advanced Payments To Suppliers	(18)	495,640,040	222,579,950
Cash & Cash Equivalents	(19)	2,736,592,066	1,704,160,969
Total Current Assets		10,719,748,144	5,217,944,941
Total Assets		22,463,445,868	16,989,543,370
Shareholders' Equity & Liabilities			
Shareholders' Equity			
Issued & Paid - Up Capital	(20-2)	2,716,325,135	2,716,325,135
Treasury Shares	(20-3)	(10,380,884)	(10,380,884)
Reserves	(21)	2,855,380,202	2,855,380,202
Modification Surplus Of Fixed Assets	(11-4)	18,719,543	20,319,889
Retained Earnings		2,926,681,316	2,357,075,679
Total Shareholders' Equity		8,506,725,312	7,938,720,021
Liabilities			
Non-Current Liabilities			
Financial Lease Liabilities	(14)	89,828,467	121,960,204
Deferred Tax Liabilities	(28-1)	69,861,151	71,687,132
Total Non-Current Liabilities		159,689,618	193,647,336
Current Liabilities			
Bank - Overdrafts	(19)	5,258,660	4,811,795
Bank - Credit Facilities	(22)	7,435,878,024	6,204,060,910
Long Term Loans Installments Due Within One Year	(27)	181,987,146	363,974,291
Financial Lease Liability Due Within One Year	(14)	79,868,673	90,144,503
Trade & Notes Payables	(23)	3,812,921,237	857,537,565
Advanced Payments From Customers		273,734,654	285,847,261
Creditors & Other Credit Balances	(24)	1,107,382,544	960,098,418
Provisions	(25-1)	900,000,000	90,701,270
Total Current Liabilities		13,797,030,938	8,857,176,013
Total Liabilities		13,956,720,556	9,050,823,349
Total Shareholders' Equity & Liabilities		22,463,445,868	16,989,543,370

- The accompanying notes Form an integral part of these Separate Interim financial statements and are to be read therewith.
- Limited Review Report attached
- Date: September 10, 2024

Director Of Financial Affairs

Mr. Hazem Gouda

Managing Director

Mr. Hassan Ahmed Nough



Separate Interim Statement Of Income

	Note No.	For The Six Months Ended		For The Three Months Ended	
		30/06/2024	30/06/2023	30/06/2024	30/06/2023
		EGP	EGP	EGP	EGP
Sales	(3)	26,072,692,559	10,806,077,175	14,171,791,907	6,232,044,967
(Less)					
Cost Of Sales	(4)	(22,566,724,413)	(8,997,148,788)	(12,829,136,574)	(5,241,967,345)
Gross Profit		3,505,968,146	1,808,928,387	1,342,655,333	990,077,622
Add/(Less):					
Other Operating Revenues	(5)	55,944,134	69,360,669	15,003,488	40,472,354
Selling & Marketing Expenses	(6)	(76,546,376)	(37,193,650)	(42,991,673)	(15,225,238)
Administrative & General Expenses	(7)	(629,962,740)	(227,287,072)	(224,977,971)	(113,174,252)
Other Operating Expenses	(8)	(129,897,535)	(2,832,819)	(69,120,696)	(2,765,420)
Provisions	(25-1)	(809,298,730)	--	(259,298,730)	--
Net Operating Profit		1,916,206,899	1,610,975,515	761,269,751	899,385,066
Add/(Less):					
Interest Income		95,711,317	67,587,015	59,372,248	43,746,903
Interest & Finance Expenses		(954,592,891)	(486,495,134)	(556,947,046)	(273,443,789)
Foreign Currency Exchange Losses		(32,106,243)	(1,232,163,142)	(16,941,550)	(467,046,407)
Net Financial Costs		(890,987,817)	(1,651,071,261)	(514,516,348)	(696,743,293)
Net Profit / (Loss) For The Period Before Income Tax		1,025,219,082	(40,095,746)	246,753,403	202,641,773
(Less):					
Income Tax		(406,556,656)	(107,889,071)	(92,653,692)	(90,068,057)
Deferred Tax	(28-1)	(50,657,135)	109,631,124	(45,008,235)	40,041,053
Total Income Tax For The Period	(28-3)	(457,213,791)	1,742,053	(137,661,927)	(50,027,004)
Net Profit / (Losses) For The Period		568,005,291	(38,353,693)	109,091,476	152,614,769
Basic & Diluted Earnings Per Share (EGP/Share)	(9)	1.05	(0.07)	0.20	0.28

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

Separate Interim Statement Of Comprehensive Income

	Note No.	For The Six Months Ended		For The Three Months Ended	
		30/06/2024	30/06/2023	30/06/2024	30/06/2023
		EGP	EGP	EGP	EGP
Net Profit / (Loss) For The Period		568,005,291	(38,353,693)	109,091,476	152,614,769
Add/(Less)					
Other Comprehensive Income Items:					
Realized Portion Of Modification Surplus Of Fixed Assets (Transferred To Retained Earnings During The Period)	(11-4)	(1,600,346)	(1,671,293)	(797,793)	(831,403)
Total Comprehensive Income / (Loss) For The Period		566,404,945	(40,024,986)	108,293,683	151,783,366

- The accompanying notes Form an integral part of these separate Interim financial statements.

Ezz Steel Company (S.A.E)
Separate Interim Financial Statements For The Six Months Ended June 30, 2024

Separate Interim Statement Of Changes In Equity

	Paid Up Capital		Treasury Shares		Reserves		Modification Surplus Of Fixed Assets		Retained Earnings		Total	
	EGP		EGP		EGP		EGP		EGP		EGP	
Balance As Of January 1, 2023	2,716,325,135		(10,380,884)		2,855,380,202		23,617,561		1,353,388,467		6,938,330,481	
Comprehensive Income												
Net Profit For The Period	--		--		--		--		(38,353,693)		(38,353,693)	
Realized Portion Of Modification Surplus Of Fixed Assets (Transferred To Retained Earnings During The Period)	--		--		--		(1,671,293)		--		(1,671,293)	
Total Comprehensive Income	--		--		--		(1,671,293)		(38,353,693)		(40,024,986)	
Realized Portion Of Modification Surplus Of Fixed Assets (Transferred To Retained Earnings During The Period)	--		--		--		--		1,671,293		1,671,293	
Balance As Of June 30, 2023	2,716,325,135		(10,380,884)		2,855,380,202		21,946,268		1,316,706,067		6,899,976,788	
Balance As Of January 1, 2024	2,716,325,135		(10,380,884)		2,855,380,202		20,319,889		2,357,075,679		7,938,720,021	
Comprehensive Income												
Net Profit For The Period	--		--		--		--		568,005,291		568,005,291	
Realized Portion Of Modification Surplus Of Fixed Assets (Transferred To Retained Earnings During The Period)	--		--		--		(1,600,346)		--		(1,600,346)	
Total Comprehensive Income	--		--		--		(1,600,346)		568,005,291		566,404,945	
Realized Portion Of Modification Surplus Of Fixed Assets (Transferred To Retained Earnings During The Period)	--		--		--		--		1,600,346		1,600,346	
Balance As Of June 30, 2024	2,716,325,135		(10,380,884)		2,855,380,202		18,719,543		2,926,681,316		8,506,725,312	

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

Separate Interim Statement Of Cash Flows

	Note No.	30/06/2024 EGP	30/06/2023 EGP
Cash Flows From Operating Activities			
Net Profit / (Loss) For The Period Before Income Tax		1,025,219,082	(40,095,746)
Adjustments:			
Fixed Assets Depreciation	(11-1)	33,846,501	25,636,407
Interest & Finance Expenses		954,592,891	486,495,134
Formed Provisions	(25-1)	809,298,730	--
Impairment Of Inventories	(8)	14,017,849	--
Losses From Foreign Currencies Translation Unrealized		21,420,421	946,154,141
Net Profit Before Changes In Current Assets & Current Liabilities		2,858,395,474	1,418,189,936
Changes In:			
Inventories		(2,107,099,406)	(1,388,946,385)
Trade & Notes Receivables		(226,815,375)	683,242,744
Advance Payments From Suppliers		(273,060,090)	(45,232,784)
Debtors & Other Debit Balances & Due from related parties		(2,035,206,398)	(463,845,615)
Trade & Notes Payable		2,949,277,910	628,429,527
Advance Payments From Customers		(12,112,607)	272,250,646
Creditors & Other Credit Balances		136,175,227	(250,429,965)
Net Cash Provided By Operating Activities		1,289,554,735	853,658,104
Finance Interest Paid		(947,198,091)	(493,107,937)
Paid Tax		(244,051,242)	--
Employee Dividends		--	(29,220,248)
Net Cash Flows Provided By Operating Activities		98,305,402	331,329,919
Cash Flows From Investing Activities			
Purchasing Of Fixed Assets & Projects Under Construction		(58,428,912)	(23,547,707)
Net Cash Flows (Used In) Investing Activities		(58,428,912)	(23,547,707)
Cash Flows From Financing Activities			
payments Of Long Term Loans		(181,987,145)	(136,490,359)
Finance Lease Contracts Payments		(42,407,567)	(40,367,990)
Receipts / (payments) From Banks Credit Facilities		1,215,982,111	158,620,816
Net Cash Flows (Used In) Financing Activities		991,587,399	(18,237,533)
Currency Differences Resulting From The Translation Of Current Account Bank Balances		520,343	25,485,592
Change In Cash & Cash Equivalents During The Period		1,031,463,889	289,544,679
Cash & Cash Equivalents At The Beginning Of The Period	(19)	1,699,349,174	1,804,894,141
Cash & Cash Equivalents At The End Of The Period	(19)	2,731,333,406	2,119,924,412

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

Notes To The Separate Interim Financial Statements

1. General Information

- Al Ezz Steel Rebars Company, an S.A.E, was established under the provisions of Law No. 159 of 1981, and was registered in the Commercial Registry in Menofia Governorate, under No. 472 on 2 April 1994. The preliminary establishment contract and the Company's was published in the Companies' Gazette, issue No. 231 on April 1994. The Company is located in Sadat City.
- The term of the company is 25 years from the date of registration of the company in the commercial register. On 24 October 2018, the Company's Extraordinary General Assembly decided to extend the company's term for another 25 years starting from 2 April 2019. The commercial register has been modified on 12 December 2018.
- The Extraordinary General Assembly in its meeting dated 3 October 2009 approved to change the Company's name to "Ezz Steel", this amendment was registered in the Commercial Register on 1 November 2009.
- The Company is established for the purpose of manufacturing, trading, distributing building materials, manufacturing all kind of steel, manufacturing ceramics, sanitary ware, pipes, water mixers and taps, as well as performing related contracting works and all necessary services as preparation and transportation for the Company and for others. The Company also engages in the importation of raw material, machinery & equipment, spare parts, which are required for the Company's purpose. Moreover, the Company can perform importing, exporting and commercial Agency activities within the scope of its purpose.
- The Company registered address is in 35 Lebanon Street- El Mohandseen - Cairo - Arab Republic of Egypt.
- The nominal shares of the company are being traded in the Egyptian stock exchange and London stock exchange.

Issuance Of The Separate Interim Financial Statements

These Separate Interim financial statements were approved by the company's Board of Directors for issuance on September 10, 2024.

2. Basis Of Preparation Of The Separate Interim Financial Statements

2.1 Statement Of Compliance

The Separate Interim financial statements have been prepared in accordance with Going Concern assumption the Egyptian Accounting Standards, and in the light of the provisions of applicable Egyptian laws and regulations related to.

2.2 Basis Of Measurement

These Separate Interim financial statements are prepared based on the historical cost basis, except for assets and liabilities which are measured at fair value.

In 2016, the Company's management adopted the special accounting treatment stated in annex (A) of the modified Egyptian Accounting Standard no. (13) as amended in 2015 "The Effects of Changes in Foreign Exchange Rates", the cost and accumulated depreciation of some fixed assets categories are modified using modification factors which are stated in the above- mentioned annex, as described in details in note no. (34-2).

2.3 Functional & Presentation Currency

These Separate Interim financial statements are presented in Egyptian Pound (EGP), which is the Company's functional currency.

2.4 Use Of Estimates & Judgments

The preparation of the Separate Interim financial statements in conformity with Egyptian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future periods if the revision affects both current year and future periods.

The following are the explanatory and main items and notes used in these estimates and personal judgments: -

- Operational useful life of fixed assets.
- Impairment loss on assets.
- Provisions and contingent liabilities.
- Recognition of deferred tax assets.
- Classification of lease contracts
- Revenue recognition: Revenue is recognized in accordance with what is detailed in the applicable accounting policies.

2. Basis Of Preparation Of The Separate Interim Financial Statements (Continued)**2.5 Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability will occur either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants would act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by making the asset's best use or selling it to another participant who will use the asset in its best use.

The Company uses valuation techniques that are considered appropriate in the circumstances and for which sufficient information is available to measure fair value, while maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities that are measured or disclosed in the Separate Interim financial statements at fair value are categorized into the categories of the fair value hierarchy. This is described, as follows, based on the lowest level input that is significant to the entire measurement over the fair value measurement as a whole:

- **Level One:** the quoted prices (unadjusted) in an active market for identical assets or liabilities.
- **Level Two:** Evaluation Methods The lowest level input that is considered significant for the entire measurement is directly or indirectly observable.
- **Level Three:** Evaluation Methods The lowest level input that is significant to the entire measurement is unobservable.

3. Sales (Net)

	For The Six Months Ended		For The Three Months Ended	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	EGP	EGP	EGP	EGP
Local Sales- Rebars	21,737,485,032	8,868,613,246	11,223,140,151	4,929,593,145
Export Sales- Rebars	514,725,158	1,144,119,729	--	993,966,355
Local Sales- Other	3,820,482,369	793,344,200	2,948,651,756	308,485,467
Total Sales	26,072,692,559	10,806,077,175	14,171,791,907	6,232,044,967

4. Cost Of Sales

	Note No	For The Six Months Ended		For The Three Months Ended	
		30/06/2024	30/06/2023	30/6/2024	30/6/2023
		EGP	EGP	EGP	EGP
Raw Materials		21,501,650,911	8,288,122,301	11,465,844,704	4,735,035,161
Salaries & Wages		508,262,285	288,959,520	251,285,172	146,421,610
Fixed Assets Depreciation	(I-11)	28,763,439	20,741,191	14,136,315	10,559,203
Manufacturing Overheads		1,201,265,285	858,765,827	639,947,141	461,014,002
Operating Cost		23,239,941,920	9,456,588,839	12,371,213,332	5,353,029,976
Change In Inventories - Finished Product & Work In Process		(673,217,507)	(459,440,051)	457,923,242	(111,062,631)
Total Cost Of Sales		22,566,724,413	8,997,148,788	12,829,136,574	5,241,967,345

5. Other Operating Revenues

	For The Six Months Ended		For The Three Months Ended	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	EGP	EGP	EGP	EGP
Scrap Sales Revenue	35,126,534	48,543,069	4,594,688	30,063,554
Rent Income	20,817,600	20,817,600	10,408,800	10,408,800
Total Other Operating Income	55,944,134	69,360,669	15,003,488	40,472,354

Ezz Steel Company (S.A.E)

Separate Interim Financial Statements For The Six Months Ended June 30, 2024

6. Selling & Marketing Expenses

	Note	For The Six Months Ended		For The Three Months Ended	
		30/06/2024	30/06/2023	30/06/2024	30/06/2023
		EGP	EGP	EGP	EGP
Salaries & Wages		16,342,257	5,353,813	10,660,627	3,110,989
Advertising Expenses		25,062,911	18,978,932	4,943,387	6,326,685
Fixed Assets Depreciation	(11-1)	56,260	57,517	27,742	27,427
Rent		2,561,073	1,610,874	1,425,321	906,752
Other Expenses		32,523,875	11,192,514	25,934,596	4,853,385
Total Selling & Marketing Expenses		76,546,376	37,193,650	42,991,673	15,225,238

7. Administrative & General Expenses

	Note No.	For The Six Months Ended		For The Three Months Ended	
		30/06/2024	30/06/2023	30/06/2024	30/06/2023
		EGP	EGP	EGP	EGP
Salaries & Wages		358,311,521	135,564,641	91,958,200	72,681,542
Maintenance		16,161,032	1,942,255	2,426,917	1,159,709
Fixed Assets Depreciation	(11-1)	5,026,802	4,837,699	2,838,248	2,396,780
Rent		12,046,353	6,979,200	7,221,826	3,819,252
Other Expenses		238,417,032	77,963,277	120,532,780	33,116,969
Total Administrative & General Expenses		629,962,740	227,287,072	224,977,971	113,174,252

8. Other Operating Expenses

	For The Six Months Ended		For The Three Months Ended	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
	EGP	EGP	EGP	EGP
Impairment Of Inventories	14,017,849	--	14,017,849	--
Donations	115,879,686	2,832,819	55,102,847	2,765,420
Total Other Operating Expenses	129,897,535	2,832,819	69,120,696	2,765,420

9. Basic & Diluted Earnings / (Losses) Per Share For The Period

	For The Six Months Ended		For The Three Months Ended	
	30/06/2024	30/06/2023	30/06/2024	30/06/2023
Net Profit / (losses) For The Period (EGP)	568,005,291	(38,353,693)	109,091,476	152,614,769
Average Of Outstanding Shares During The Period (Share)*	542,354,546	542,354,546	542,354,546	542,354,546
Basic & Diluted Earnings/ (Loss) Per Share For The Period (EGP/Share)	1.05	(0.07)	0.20	0.28

* The 910,481 treasury shares were deducted when calculating the weighted average of shares outstanding for the six months ended June 30, 2024 (comparing with 910,481 shares as at December 31, 2023) (Note No. 20-3).

10. Employees Benefits

- 10-1 The employees are granted an end of service benefits through an Insurance & Provident Fund for the employees of Al Ezz Industrial Group registered on 22/2/2000, that according to conditions and determinants included in the funds regulation. The company's contribution to the fund is represented in defined contribution where the company pays all the saving and insurance subscriptions according to the conditions and the percentage mentioned in the fund regulations and this is based on the subscription fees that is determined using the monthly basic salary at 1/1/2018 in addition to the annual salary increase by a maximum of 7% annually.
The value of the subscriptions incurred by the company For six months Ending June 30, 2024 amounted to EGP 12,366,284 has been included in salaries and wages in the statement of income (against EGP 11,681,251 during The six months Ending June 30, 2023).
- 10-2 The company provide training sessions for the employees and the cost charged to the separate statement of income as a part of salaries and wages expenses as follow:

	For The Six Months Ended:	
	30/06/2024	30/06/2023
	EGP	EGP
Selling & Marketing Expenses	--	21,600
Administrative & General Expenses	406,949	306,068
Cost of Sales	3,396,073	427,075
Total Training Expenses	3,803,022	754,743

Ezz Steel Company (S.A.E)
Separate Interim Financial Statements For The Six Months Ended June 30, 2024

11. Fixed Assets

2024	Land EGP	Buildings EGP	Machinery & Equipment EGP	Vehicles EGP	Furniture & Office Equipment EGP	Tools & Supplies EGP	Lease Hold Improvements EGP	Total EGP
Cost On January 1, 2024	92,046,488	341,543,051	2,007,325,835	3,591,541	112,246,634	9,520,905	2,286,749	2,568,561,203
Additions During The Period	--	92,200	26,767,460	137,500	13,376,453	287,201	--	40,660,814
Cost On 30/06/2024	92,046,488	341,635,251	2,034,093,295	3,729,041	125,623,087	9,808,106	2,286,749	2,609,222,017
Accumulated Depreciation On January 1, 2024	--	154,270,575	1,797,987,800	3,549,346	94,274,543	8,027,320	2,286,749	2,060,396,333
Depreciation For The Period	--	5,323,037	24,122,908	20,130	4,126,656	253,770	--	33,846,501
Accumulated Depreciation On 30/06/2024	--	159,593,612	1,822,110,708	3,569,476	98,401,199	8,281,090	2,286,749	2,094,242,834
Net Book Value On 30/06/2024	92,046,488	182,041,639	211,982,587	159,565	27,221,888	1,527,016	--	514,979,183
Net Book Value On 31/12/2023	92,046,488	187,272,476	209,338,035	42,195	17,972,091	1,493,585	--	508,164,870
Fully Depreciated Assets Still In Use On 30/06/2024	--	7,536,515	1,629,056,459	3,458,993	67,809,704	7,254,081	2,286,749	1,717,402,501

2023	Land EGP	Buildings EGP	Machinery & Equipment EGP	Vehicles EGP	Furniture & Office Equipment EGP	Tools & Supplies EGP	Lease Hold Improvements EGP	Total EGP
Cost On January 1, 2023	92,046,488	340,854,469	1,958,758,115	3,599,891	109,828,726	8,657,999	2,286,749	2,516,032,437
Additions During The Period	--	486,040	24,402,513	8,250	1,189,132	549,409	--	26,635,344
Cost On 30/06/2023	92,046,488	341,340,509	1,983,160,628	3,608,141	111,017,858	9,207,408	2,286,749	2,542,667,781
Accumulated Depreciation On January 1, 2023	--	143,659,267	1,774,331,946	3,535,880	89,149,697	7,524,338	2,286,749	2,020,487,877
Depreciation For The Period	--	5,294,808	16,238,322	16,813	3,827,326	259,138	--	25,636,407
Accumulated Depreciation On 30/06/2023	--	148,954,075	1,790,570,268	3,552,693	92,977,023	7,783,476	2,286,749	2,046,124,284
Net Book Value On 30/06/2023	92,046,488	192,386,434	192,590,360	55,448	18,040,835	1,423,932	--	496,543,497
Fully Depreciated Assets Still In Use On 30/06/2023	--	7,215,915	1,611,581,919	3,475,593	61,145,471	6,761,805	2,286,749	1,692,467,452

11-1 - Depreciation For The Period Was Classified To The Statement Of Income As Follows :

Note No.	For The Six Months Ended :	
	30/06/2024	30/06/2023
	EGP	EGP
Cost Of Sales	28,763,439	20,741,191
Selling And Marketing Expenses	56,260	57,517
Administrative And General Expenses	5,026,802	4,837,699
	33,846,501	25,636,407

11. Fixed Assets (Continued)**11.2 Leased Fixed Assets:**

Fixed Assets As Of June 30, 2024 Including Leased Assets As Follow:

	Land *	Buildings **	Total
	EGP	EGP	EGP
Cost At June 30, 2024	70,000,000	145,000,000	215,000,000
(Less)			
Accumulated Depreciation At January 1, 2024	--	27,791,667	27,791,667
Depreciation For The Period	--	1,812,500	1,812,500
Accumulated Depreciation At June 30, 2024	--	29,604,167	29,604,167
Net Leased Assets	70,000,000	115,395,833	185,395,833

* In 2018, the company signed a sale-leaseback contract for 7 years ending on 2025 for a plot of land owned by the company, Land cost amounted to EGP 70 Million as shown in note no. (14), the company issued an official power of attorney that cannot be canceled or revoked in favor of HD Lease in the signing of the initial and final purchase and sale contracts and the final transfer of ownership to it or to other in front of the Real Estate Authority for the above-mentioned plot of land.

** In 2016, the company signed a financial lease contract for two floors in Nile Plaza Building for 8 years ending on 2024 as shown in note no. (14).

11.3 The following is the cost and accumulated depreciation of fixed assets after excluding the effect of adopting the special accounting treatment to deal with the effects of floating foreign exchange rate on November 3, 2016 (Note no. 33-2):

	30/06/2024	31/12/2023
	EGP	EGP
Cost At The End Of The Period	1,878,042,872	1,904,452,723
Accumulated Depreciation At The End Of The Period	(1,388,247,348)	(1,422,507,065)
Net At The End Of The Period	489,795,524	481,945,658

11.4 The following is the movement of modification surplus of fixed assets during the period, which results from the adopting of the special accounting treatment mentioned in the Note no. (33-2):

	EGP
Modification Surplus Of Fixed Assets At Floating Foreign Exchange Rate Date	123,972,704
Income Tax	(27,893,858)
Net Modification Surplus Of Fixed Assets After Income Tax	96,078,846
Realized Portion Until December 31, 2023	(75,758,957)
Net Modification Surplus Of Fixed Assets As of December 31, 2023	20,319,889
Realized Portion Of Modification Surplus Of Fixed Assets During The Six Months Ended June 30, 2024	(1,600,346)
Net Modification Surplus Of Fixed Assets As of June 30, 2024	18,719,543

12. Projects Under Construction

	30/06/2024	31/12/2023
	EGP	EGP
Machinery under installation	17,771,393	3,295
Total Projects Under Construction	17,771,393	3,295

Ezz Steel Company (S.A.E)

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13. Investments**13-1 Investments In Subsidiaries**

	Direct Shareholding	Direct & Indirect Shareholding	Number Of Shares Owned	Investments Cost At	
	%	%		30/6/2024	31/12/2023
				EGP	EGP
Ezz El Dekhaila For Steel – Alexandria	64.063	64.063	12,500,000	11,124,097,934	11,124,097,934
Al Ezz Rolling Mills	0.001	60.64	988	9,942	9,942
Al Ezz Flat Steel	0.001	60.64	1,000	85,596	85,596
Al Ezz For Medical Industries	30	49.21	30,000	3,000,000	3,000,000
Total investment in subsidiaries				11,127,193,472	11,127,193,472

- During the fourth quarter of 2019, the ownership of 88,921,050 shares and 35,289,000 shares of Ezz Rolling Mills Company and Ezz Flat Steel Company respectively with total value of EGP 7,809,992,991 transferred to Ezz El Dekhaila for Steel – Alexandria , the shares value was stated in the non-current assets as "paid for purchase of investments in subsidiaries" until the completion of the procedures to increase the capital of Ezz El Dekhaila for Steel –Alexandria .
- In May 2020, the legal procedures of capital increase of Ezz El Dekhaila For Steel - Alexandria as completed and registered by these in the commercial register of the company on 17 May 2020 and the company obtained 5,204,842 shares from the increased shares amounted to EGP 6,125,318,308 using portion of the balance of paid for purchase of investment in subsidiaries accordingly the contribution percentage of Ezz Steel company in Ezz El Dekhaila for Steel – Alexandria at this date is 64.063%.

13-2 Other Investments

	Currency	Number Of Shares Owned	Investments Cost	
			30/6/2024	31/12/2023
			EGP	EGP
Egyptian Company For Security And Cleaning Services (Affiliate Company)	EGP	801	80,100	80,100
(Less)				
Impairment Of Investment			(80,100)	(80,100)
Net Other investments				

14. Finance Lease Liability

	Future Lease Payments		Deferred Interest		Present Value Of Lease Payments	
	30/6/2024	31/12/2023	30/6/2024	31/12/2023	30/6/2024	31/12/2023
	EGP	EGP	EGP	EGP	EGP	EGP
Due Within One Year	120,973,087	132,749,501	41,104,414	42,604,998	79,868,673	90,144,503
Add						
Long Term Liabilities	117,290,057	152,621,437	27,461,590	30,661,233	89,828,467	121,960,204
Total Finance Lease Liability	238,263,144	285,370,938	68,566,004	73,266,231	169,697,140	212,104,707

- The company signed financial lease contracts (No.4537 & 4538) on 27 June 2016 to lease 2 floors in Nile Plaza Building for Eight years ending June 2024, the contracts provide the right to the company to own those assets at a predetermined value at the end of the contract period. On 18 July 2017, the company signed appendixes to these contracts to finance fixtures and finishes for one of the leased floors and adding it to the leased asset and amending the lease contract, for Eight years ending July 2025. On 20 September 2018, the company signed an appendix to these contracts to increase the finance related to the leased asset in a form of revaluation of that asset and modify the capital lease contracts, the repayment of the extra finance will be on 32 quarterly equally installment starts from 20 December 2018 till 20 September 2026, The cost of acquiring these two floors has been included in the buildings item in the fixed assets of the company in accordance with the Egyptian Accounting Standard No. (49) Lease Contracts.
- On 13 November 2016, the company signed a finance lease contract (Contract no.4675) to finance the fixtures and finishes for the floors that have been leased in Nile Plaza building for the period of Eight years ending November 2024.

Ezz Steel Company (S.A.E)*Separate Interim Financial Statements For The Six Months Ended June 30, 2024***14. Finance Lease Liability (Continued)**

- In December 2018, the company signed contracts of sale-leaseback (Contract no.1) for a piece of land of the lands owned by the company, and as per the contracts with the mentioned company, the lease is for 7 years ending 25 December 2025, and the contract gives the company the right to own the mentioned land at the end of the contract's period at predetermined amount in the contract. It has been determined that the above-mentioned contracts are not representing the sale of the plot of land. Accordingly, the plot of land has been re-recognized in the fixed assets and recognized a financial liability equal to the proceeds of transfer, that is in accordance with Egyptian accounting standard (49) Lease Contracts.
- In October 2020, an appendix has been concluded for the financial lease contracts mentioned above and that was based on the decrees taken by the Central Bank of Egypt as of March 16, 2020 as some installments were postponed for 6 months in addition to decreasing interest rates, where quarterly post-paid checks have been issued till March 2027 after recalculating deferred interests based on the new interest rates. As the payment period has been extended for 6 months for all contracts.

15. Inventories

	30/06/2024	31/12/2023
	EGP	EGP
Raw Materials	1,865,421,636	216,605,238
Work In Process	744,605,575	269,907,470
Finished Products	862,278,088	663,758,686
Spare Parts	565,786,344	373,878,279
Goods In Transit	181,725,811	588,568,375
Total Inventories	4,219,817,454	2,112,718,048
(Less)		
Impairment Of Inventory *	(34,511,646)	(20,493,798)
Total Inventories	4,185,305,808	2,092,224,250

	Balance on 1/01/2024	Formed During The Period	Balance on 30/06/2024
	EGP	EGP	EGP
Impairment Of Inventory*	20,493,798	14,017,848	34,511,646
	20,493,798	14,017,848	34,511,646

16. Trade & Notes Receivables

	Note No.	30/06/2024	31/12/2023
		EGP	EGP
Trade Receivables		309,279,169	82,515,399
Trade Receivables - Related Parties	(26-1)	5,832,087	5,780,482
Notes Receivables		390,000	390,000
		315,501,256	88,685,881
Less			
Expected Credit Loss on Trade Receivables	(25-2)	(33,792,792)	(33,792,792)
Net Trade & Notes Receivables		281,708,464	54,893,089

Ezz Steel Company (S.A.E)

Separate Interim Financial Statements For The Six Months Ended June 30, 2024

17. Debtors & Other Debit Balances

	Note	30/06/2024	31/12/2023
	No.	EGP	EGP
Tax Authority – Withholding Tax		99,163,315	158,791,315
Tax Authority- VAT		--	135,395,392
Prepaid Expenses		23,828,561	17,372,282
Deposits With Others		155,368,570	153,461,878
Letters Of Guarantee Cash Margin	(29-1)	135,000	135,000
Letters Of Credit Cash Margin	(29-1)	16,815,415	19,577,655
Due From Related Parties	(26-2)	2,663,035,033	564,011,279
Advance Payment To Employees As a Dividends		--	52,693,771
Other Debit Balances		67,007,891	47,500,130
Total Debtors & Other Debit Balances		3,025,353,785	1,148,938,702
Less			
Expected Credit Loss On Debtors & Other Debit Balances	(25-2)	(4,852,019)	(4,852,019)
Net Debtors & Other Debit Balances		3,020,501,766	1,144,086,683

18. Advance Payments To Suppliers

	Note	30/06/2024	31/12/2023
	No.	EGP	EGP
Advanced Payments To Suppliers (Local)		72,916,146	176,302,670
Advanced Payments To Suppliers (Foreign)		423,442,085	46,995,471
Total Advanced Payments		496,358,231	223,298,141
Less:			
Expected Credit Loss On Advanced Payments To Suppliers	(25-2)	(718,191)	(718,191)
Net Advanced Payments To Suppliers		495,640,040	222,579,950

19. Cash & Cash Equivalents

	30/06/2024	31/12/2023
	EGP	EGP
Banks – Current Accounts	2,274,280,693	1,586,384,281
Cash On Hand	462,311,373	117,776,688
Cash & Cash Equivalents	2,736,592,066	1,704,160,969
Less		
Banks – Overdraft	(5,258,660)	(4,811,795)
Cash & Cash Equivalents According To The Cash Flows Statement	2,731,333,406	1,699,349,174

20. Capital**20.1 Authorized Capital**

The company's authorized share capital is EGP 8 Billion.

20.2 Issued & Paid – Up Capital

Issued capital is EGP 2,716,325,135 (Two Billion, Seven Hundred and Sixteen Million, Three Hundred and Twenty-Five Thousand and One Hundred Thirty-Five Egyptian pound) distributed over 543,265,027 shares a par value of LE 5 per share paid in full.

The shareholders and their shareholding are as follows:

Shareholders	Number Of Shares	30/06/2024	31/12/2023
		Shareholding	Shareholding
		%	%
- Eng. Ahmed Abd El Aziz Ezz	360,986,470	66.448	66.448
- Al Ezz For Rolling Mills (Subsidiary Company)	9,462,714	1.742	1.742
- Others	172,815,843	31.81	31.81
	543,265,027	100	100

20. Capital (Continued)**20.3 Treasury Shares**

On January 5, 2021 the company's Board of Directors decided to purchase treasury shares representing 1% of the company's paid -up capital, with a maximum of one million shares. the Managing Director was delegated to set prices and the period for purchasing treasury shares within the company's available sources of financing and liquidity, the Financial Regulatory Authority approved this transaction. The total number of shares purchased is 910,481 Shares with an amount of EGP 10,380,884.

On June 8, 2024, the extraordinary general assembly of the company was held and decided to decrease the company's capital with these shares. This decision approval by the official authorities and recorded in the company's commercial registry is in progress.

21. Reserves

	30/06/2024	31/12/2023
	EGP	EGP
Legal Reserve*	1,358,162,568	1,358,162,568
Other Reserves (Additional Paid In Capital) **	1,497,217,634	1,497,217,634
Total Reserves	2,855,380,202	2,855,380,202

* **Legal Reserve:** 5% of annual net profit should be appropriated to form legal reserve; the Company will stop appropriation once the legal reserve balance reaches 50% of the Company's issued capital; in case the reserve balance becomes less than the said percentage, the appropriation will continue.

** **Other Reserves:** Additional paid in capital resulted from capital increase for the acquisition of Al Ezz El Dekheila-Alexandria For Steel shares, and bonds converted to shares.

22. Banks – Credit Facilities

Banks-credit facilities, which amounted to EGP 7,435,878,024 on June 30, 2024 (amounted EGP 6,204,060,910 as of December 31, 2023) representing bank facilities granted to the company from local banks. The average interest rate during the period is 27,8% per year for the Egyptian pound and 9% per year for the US Dollar.

23. Trade & Notes Payables

	Note No.	30/06/2024	31/12/2023
		EGP	EGP
Trade Payables		2,484,471,276	609,423,738
Trade Payables (Related Parties)	(26-3)	1,296,963,245	153,262,977
Notes Payable		31,486,716	94,850,850
Total Trade & Notes Payable		3,812,921,237	857,537,565

24. Creditors & Other Credit Balances

	Note No.	30/06/2024	31/12/2023
		EGP	EGP
Due To Related Parties	(26-4)	--	185,783,655
Accrued Expenses		615,599,206	277,644,661
Income Tax		406,556,656	402,842,557
Tax Authority – Other Than Income Tax		48,609,761	88,281,319
Tax Authority – VAT		22,757,332	--
Accrued Interest		7,394,800	--
Dividends Payable – Board Of Directors		900,000	900,000
Dividends Payable – Shareholders		660,705	660,705
Other Credit Balances		4,904,084	3,985,521
Total Creditors & Other Credit Balances		1,107,382,544	960,098,418

25. Provisions & Expected Credit Loss On Financial Assets**25.1 Provisions**

	Balance on 1/01/2024	Formed During The Period	Balance on 30/06/2024
	EGP	EGP	EGP
Provision For Claims	90,701,270	809,298,730	900,000,000
Total Provision	90,701,270	809,298,730	900,000,000

The company formed claims provision to meet the obligations that may result from the company's deals with others.

25.2 Expected Credit Loss On Financial Assets

Expected Credit Loss On:	Note No.	30/06/2024 EGP	31/12/2023 EGP
Trade Receivables	(16)	33,792,792	33,792,792
Debtors & Other Debit Balances	(17)	4,852,019	4,852,019
Trade Payables Advance Payments	(18)	718,191	718,191
Total Expected Credit Loss In Financial Assets		39,363,002	39,363,002

26. Related Parties Transactions

The Company conducts transactions with some subsidiaries and affiliates companies, these transactions are represented in the purchase of raw materials for production and sales transactions of certain products and rents, these transactions and their balances are represented as follows:

Description	Nature Of Transaction	Transaction Volume During The Period	30/06/2024 Debit/(Credit)	31/12/2023 Debit/(Credit)
		EGP	EGP	EGP
26-1 Due From Related Parties - Included Trade Receivables				
- Al Ezz For Trading & Distributing Building Materials (Affiliated)		--	5,832,087	5,780,482
			5,832,087	5,780,482
26-2 Due From Related Parties - Included Debtors & Other Debit Balances				
- Gulf Of Suez Development Company (Affiliate)		--	28,760	61,774
- Al Ezz Group Holding Company For Industry & Investment "Ezz Industries"		--	639,642,255	526,242,255
- Al Ezz For Ceramics (Affiliate)	Rent	535,401	42,813,253	37,564,440
	Purchases	1,195,567		
- Al Ezz El Dekhaila For Steel - Alexandria (Subsidiary)	Sales	11,247,406,742	1,980,364,509	
	Purchases	7,456,181,565		
- Al Ezz Flat Steel (Subsidiary)	Sales	2,527,963,927	--	--
	Purchases	3,981,001,344		
	Rent	10,408,800		
- Al Ezz For Medical Industries (Subsidiary)		--	186,256	142,810
			2,663,035,033	564,011,279
26-3 Due To Related Parties -Included Credit Parties Under Suppliers & Trade Payables				
- Al Ezz Rolling Mills (Subsidiary)	Purchases	257,339,021	(1,296,963,245)	(153,262,977)
	Rent	10,408,800		
			(1,296,963,245)	(153,262,977)
26-4 Due To Related Parties - Included Creditors & Other Credit Balances				
- Al Ezz El Dekhaila For Steel - Alexandria (Subsidiary)				(185,783,655)
				(185,783,655)

- Sales and purchases amounts mentioned above in the disclosure do not include VAT.

27. Long Term Loans

	30/06/2024	31/12/2023
	EGP	EGP
Total Loans	181,987,146	363,974,291
Less		
Installments Due Within One Year	181,987,146	363,974,291
Net Balance Of Long Term Loan	-	-

- On 18/1/2015, the company signed a contract for the purpose of granting the company a long-term syndicated loan in the amount of 1.7 billion Egyptian pounds for a period of 7 years from the date of signing the contract, with the purpose of restructuring the credit facilities granted to the company by paying off existing debts by some banks. According to the terms of the contract, the borrower will maintain his shareholding percentage in the subsidiaries without modification, as well as maintaining some of the indicators and financial ratios specified in the loan contract throughout the loan period, at a rate of return of 3.5% above the corridor rate announced by the Central Bank of Egypt, to be paid every three months.
- In 2020 and after the end of the period of postponing payment of the interest according to the Central Bank initiative the banks which granted the loans have modified the installments with an amount of EGP 152,479,069 which represents the accrued interest on the loan balance for the period from 3/11/2019 to 31/12/2020 to pay the loan plus interest in 16 quarterly installments starting from March 31, 2021 to December 31, 2024, the interest rate was modified to 1.5% above the Corridor rate for the first year and 2% above the Corridor rate starts from second year from the date of activating the loan appendix.

28. Deferred Tax Assets & Liabilities**28.1 Recognized Deferred Tax Assets (Liabilities)**

	30/06/2024		31/12/2023	
	Assets	(Liabilities)	Assets	(Liabilities)
	EGP	EGP	EGP	EGP
Fixed Assets	--	(69,861,151)	-	(71,687,132)
Financial Lease Liabilities	4,107,808	--	7,909,071	-
Unrealized Foreign Exchange Losses	79,645,868	--	128,327,721	-
	83,753,676	(69,861,151)	136,236,792	(71,687,132)
Net Deferred Tax Liabilities	13,892,525		64,549,660	
Less				
Deferred Tax Previously Charged	64,549,660		20,744,105	
Deferred Tax For The Period / Year	(50,657,135)		43,805,555	

28.2 Unrecognized Deferred Tax Assets

	30/06/2024	31/12/2023
	EGP	EGP
Impairment On Trade Receivables	7,603,378	7,603,378
Impairment On Debtors & Other Debit Balances	1,091,704	1,091,704
Impairment On Suppliers - Advance Payments	161,593	161,593
Impairment Of Inventories	7,765,120	4,611,105
Provisions	202,500,000	20,407,786
Total Unrecognized Deferred Tax Assets	219,121,795	33,875,566

Deferred tax assets for the above temporary differences have not been recognized due to the lack of an appropriate degree to ascertain the extent to which the company will benefit from these assets in the foreseeable future.

28. Deferred Tax Assets & Liabilities (Continued)**28.3 Adjustments To Calculate The Actual Income Tax**

	<u>30/06/2024</u>	<u>30/06/2023</u>
	EGP	EGP
Net Profit (Loss) Of The Period Before Income Tax	1,025,219,082	(40,095,746)
Income Tax According To The Tax Rate (22.5%)	(230,674,293)	9,021,543
Add/(Less)		
The Effect Of Provisions	(182,092,214)	--
The Effect Of Non-Deductible Expenses	(40,834,925)	(6,821,145)
The Effect Of Impairment In Inventory	(3,154,016)	--
Others	(458,343)	(458,345)
Income Tax For The Period	(457,213,791)	1,742,053

29. Contingent Liabilities

29.1 The contingent Liabilities are represented in the outstanding letters of guarantee and letters of credit at the financial position date which were issued by the Company's banks and for the benefit of others as follows:

	<u>30/06/2024</u>		<u>31/12/2023</u>	
	Total	Cash Margin	Total	Cash Margin
	EGP	EGP	EGP	EGP
Letters Of Guarantee	135,000	135,000	135,000	135,000
Letters Of Credit	16,815,415	16,815,415	19,577,655	19,577,655

29.2 Contingent liabilities also include the value of guarantees and guarantees for the subsidiaries to execute all of its obligations arising from bank facilities contracts concluded between the subsidiaries and some banks, the company's General Assembly has approved these bails and guarantees which are as follows:

<u>Subsidiary Company</u>	<u>Guarantee Value</u>	<u>Description</u>
	<u>EGP</u>	
Al Ezz Rolling Mills Company	5,669,185,852	The execution of the subsidiary's obligations arising from the bank facility contract concluded between it and some banks to finance the remaining part of the construction and operating costs of a plant to produce DRI in Al Ain Al Sokhna district.
	1,050,000,000	Guaranteeing the subsidiary in the short term finance which is given to it by the National Bank of Egypt and in case of the bank increased the short term financing amount which is given to it with an additional maximum amount of EGP 400 Million.

29.3 On 27/1/2021 the company has conducted a corporate guarantee agreement in favor of a foreign supplier under which the company guarantees both Al Ezz Rolling Mills and Al Ezz Flat Steel to pay liabilities due from them by the said supplier on a payment period up to 2026, according to the following:

<u>Subsidiary Company</u>	<u>The Liability Due To The Supplier According To The Agreement</u>	<u>The Liability Limit On The Company According To The Agreement</u>
Al Ezz Rolling Mills	12,225,653 USD	4,225,653 USD
Al Ezz Flat Steel	50,633,890 Euro	16,949,399 Euro

29.4 On August 2, 2023, the Extraordinary General Assembly of the Company approved the decision issued by the Board of Directors on May 2, 2023, approving the conclusion of a joint payment guarantee in Favour of Al-Ezz Dekheila Steel Company - Alexandria (a subsidiary). This authorization allows the subsidiary to seek long-term syndicated financing from various banks operating outside the Arab Republic of Egypt, up to a maximum of \$250 million US dollars, to finance the implementation of the subsidiary's voluntary delisting procedures from the Egyptian Exchange listing schedules.

30. Tax Position**30.1 Income Tax**

- The Company enjoyed tax exemption according to Article (24) from Law No. (59) For 1979 related to development of the new urban communities, the Company was granted a tax exemption for a period of ten years which started on 1 January 1997 and ended on 31 December 2006.
- The Tax Authority inspected the Company's books and all disputes have been finished until 31 December 2017 and there are no outstanding dues or tax disputes.
- The tax examination has been completed by the Tax Authority for years 2018 : 2019 and the settlement and the payment for these years in progress.
- Years 2020 : 2023 The tax return was uploaded and submitted on the electronic system in application of the provisions of the laws in force.

30.2 Sales Tax & Value Added Tax

- The Tax Authority inspected the Company's books from inception of operation until year 2020 and all disputes were settled, the settlement and the payment were done and there are no outstanding dues.
- Years 2021 / 2023 The company submits monthly tax returns and these years are currently under inspection.

30.3 Payroll Tax

- The Tax Authority inspected the Company's books until year 2020 and all disputes have been finished, the settlement and the payment were done and there are no outstanding due.
- Years 2021/2022 The Tax Authority inspected the Company's books and the settlement and the payment for these years in progress.
- In 2023, the company deducts and supplies tax and is committed to submitting quarterly returns to the competent tax office on the legal dates, and the company is obligated to submit the annual settlement at the end of the fiscal year on the legal dates.

30.4 Stamp Tax

- The Tax Authority inspected the Company's books until year 2022, and all disputes were settled, the settlement and the payment were done and there are no outstanding due.
- Year : 2023 the company pays the tax due

30.5 Property Tax

- The tax assessment issued was paid up to 31/12/2021
- The Ministry of Finance bears the full value of the tax on real estate built for the years 2022/2024 and established by the provisions of Law 196 of 2008 for the industrial sectors specified in the Prime Minister's Decision No. 61 of 2022.

31. Financial Instruments & Risk Management**31.1. Financial Instruments**

The Company's financial instruments are represented in cash and cash equivalents, trade receivables, debtors, trade payables, notes payable, creditors, loans and bank credit facilities, and finance lease liabilities, book value of these financial instruments does not differ significantly from its fair value at the financial position date.

31.2. Interest Rate Risk

- The interest risk is represented in the interest rates changes on the company's debts, represented in credit facilities and loan and financial lease liabilities which amounted to EGP 7,856,128,314 as of June 30, 2024 (EGP 6,853,406,139 as of December 31, 2023). Financing interest and expenses related to them are amounted to EGP 954,592,891 for the six months ended June 30, 2024 (EGP 486,495,134 during the same period of the previous Year). Interest income amounted to EGP 95,711,317 for the six months ended June 30, 2024 (EGP 67,587,015 during the same period of the previous Year).
- To reduce these risks, the company's management works to obtain the best available conditions in the banking market for credit facility balances and long-term loans, and it also reviews the prevailing interest rates in the banking market periodically, which reduces the interest rate risk.

31.3. Credit Risk

The carrying amount of financial assets represents the maximum credit risk exposure. The maximum exposure to credit risk at the Separate Interim financial statements date is:

	Note No.	30/06/2024 EGP	31/12/2023 EGP
Trade & Notes Receivables	(16)	281,708,464	54,893,089
Debtors & Other Debit Balances	(17)	3,020,501,766	1,144,086,683
Suppliers - Advance Payments	(18)	495,640,040	222,579,950
Current Banks	(19)	2,274,280,693	1,586,384,281
Total Credit Risk		6,072,130,963	3,007,944,003

31. Financial Instruments & Risk Management (Continued)**31.4. Liquidity Risk**

This note provides contractual terms for financial liabilities at the financial position date:

Description	Expected Cash Outflows	One Year Or Less	1-2 Years	3-5 Years
30/6/2024	EGP	EGP	EGP	EGP
Financial Lease Liabilities	238,263,138	120,973,087	95,421,551	21,868,500
Loans & Credit Facilities	7,617,865,170	7,617,865,170	--	--
Trade & Notes Payables	3,812,921,237	3,812,921,237	--	--
Creditors & Other Credit Balances	1,107,382,544	1,107,382,544	--	--
	12,776,432,089	12,659,142,038	95,421,551	21,868,500
31/12/2023				
Financial Lease Liabilities	285,370,938	132,749,501	89,567,575	63,053,862
Loans & Credit Facilities	6,568,035,201	6,568,035,201	-	-
Trade & Notes Payables	857,537,565	857,537,565	-	-
Creditors & Other Credit Balances	960,098,418	960,098,418	-	-
	8,671,042,122	8,518,420,685	89,567,575	63,053,862

31.5. Foreign Currency Risk

The foreign currency risk represents the risk of fluctuation in exchange rates, which in turn affects the company's cash inflows and outflows in foreign currencies as well as the translation of its foreign currency monetary assets and liabilities. At the financial position date, the company has foreign currency monetary assets and liabilities equivalent to EGP 38,911,007 and EGP 851,923,276 respectively.

As shown in note no. (33-1) "Foreign currency translation", the balances of monetary assets and liabilities denominated in foreign currencies shown above were translated using the exchange rate prevailing in the banks which the company deals with at the financial position date.

The following is a statement of the net foreign currency balances and the exchange rates used at the date of the financial position:

Foreign Currencies	Surplus / (Deficit) 30/06/2024	Exchange Rate 30/06/2024
USD	(16,607,170)	48.0800
EUR	(257,964)	51.5370
GBP	(30,982)	60.8741
CHF	12,602	53.6308
AED	(2,656)	13.0901
DZD	450	0.1525

32. Significant Events

32.1 In light of global and local economic circumstances and the geopolitical risks facing the country, the government, primarily represented by the Central Bank of Egypt, has taken a series of financial measures during 2022 and 2023 to contain the impact of these crises and the resulting inflationary effect on the Egyptian economy. Among these measures were the devaluation of the Egyptian pound against foreign currencies, raising the overnight deposit and lending rates, and setting maximum limits for cash withdrawals and deposits at banks. This resulted in a shortage of exchange and availability of foreign currencies through official channels, leading to delays in repaying foreign currency debts and an increase in purchasing and repayment costs.

On March 6, 2024, the Central Bank of Egypt issued a decision to raise the overnight deposit and lending rates by 600 basis points to 27.25% and 28.25%, respectively. The discount and credit rate was also raised by 600 points to reach 27.75%, with the allowance for using a flexible exchange rate determined according to market mechanisms. This led to an increase in the average official exchange rate of the US dollar during the first week following the Central Bank's decision, reaching between 49 to 50 Egyptian pounds per dollar.

32.2 Pursuant to the ruling of the Constitutional Court of 6 November 2021, a company's appeal against articles 134 and 133 of the Labor Code No. 12 of 2003 is rejected. This article is competent to deduct 1% of the net profits of establishments subject to the provisions of this Act to finance the Training and Qualification Fund of the Minister of Manpower.

33. Significant Accounting Policies For The Separate Interim Financial Statements

The company has applied the following accounting policies consistently during the financial years presented in these Separate Interim financial statements.

33. Significant Accounting Policies For The Separate Interim Financial Statements (Continued)**33.1 Foreign Currency Translation**

The Company maintains its accounts in Egyptian Pound. Transactions denominated in foreign currencies are translated at the foreign exchange rate prevailing at the date of transactions. Monetary assets and liabilities denominated in foreign currencies, at the financial position date are translated at the foreign exchange rates prevailing, at that date. Non-monetary items that are measured in terms of historical cost in foreign currencies are translated using the exchange rates at that date of the transaction. Foreign currency differences arising on the retranslation are recognized in the Separate Interim statement of income at the financial position date.

33.2 Fixed Assets & Depreciation

Fixed assets are stated at historical cost less accumulated depreciation and accumulated impairment losses.

Depreciation - except rolling rings - is charged to the income statement on straight-line method over the estimated useful lives of assets. The management of the company regularly reconsiders the remaining useful lives of the fixed assets in order to determine whether they match the previously estimated useful lives and if there is a significant difference, the depreciation will be calculated in accordance with the remaining estimated useful life.

Leased fixed assets (The assets that ownership of the assets will be transferred to the lessee by the end of the lease contract) are recognized at cost in the beginning of lease contract, after the beginning of the lease contract the value of the leased fixed assets is determined at cost less the accumulated depreciation and the accumulated impairment loss and adjusted by any adjustments to the lease liability, the leased fixed assets is depreciated using straight line method over the estimated useful life of assets which are mentioned below.

During 2016, the special accounting treatment had been adopted to deal with the effects of floating exchange rate, The modified cost model was adopted which the cost and accumulated depreciation for some categories of fixed assets (Machinery and equipment, Vehicles, Furniture and office equipment, Tools and supplies) are modified using modification factors stated in annex (A) of EAS no. (13). The increase of net fixed assets, which are qualified to modification, were recognized in other comprehensive income items and was presented as a separate item in equity under the name of "modification surplus of fixed assets". The realized portion of modification surplus of fixed assets is transferred to retained earnings or losses in case of disposal or abandonment of the asset which qualified for modification or usage (depreciation difference resulting from the adaption of the special accounting treatment).

The estimated useful life for each type of assets to calculate the depreciation is as follows:

Asset's Type	Estimated Useful Life
Buildings	
- Buildings	40
- Other buildings	8
Machinery And Equipment	
- Machinery And Equipment	5-20
- Rolling Rings	According to actual use
Vehicles	4-5
Furniture And Office Equipment	
- Furniture And Office Equipment	3-8
- Central Air Conditioning And Fixtures	8
Tools And Supplies	5
Lease Hold Improvements	The Lower Of Lease Term Or Assets' Useful Lives

Gains or losses resulted from disposal of an item of fixed assets are recognized in the statement of income.

33.3 Cost Subsequent To Acquisition

The replacement cost of an asset component is recognized in the asset cost after the elimination of the cost of this component when such cost is incurred by the company if it is probable that future economic benefits shall inflow to the company as a result of the replacement of this component conditional on the ability to measure its cost with a high level of accuracy. However, the other costs are to be recognized in the statement of income as expenses when incurred.

33.4 Projects under construction

Projects under construction are recognized initially at cost. Cost includes all expenditures directly attributable to bringing the asset to a working condition for its intended use. Projects under construction are transferred to fixed assets caption when they are completed and are ready for their intended use with their cost, the projects under construction are recognized in the statement of financial position at cost less impairment losses if any.

33. Significant Accounting Policies For The Separate Interim Financial Statements (Continued)**33.5 Investments In Subsidiaries & Associates**

Investments in subsidiaries and associates are stated at cost less impairment Note no. (34-11). In case of existing indicator of impairment, the company assesses its investments and in case that the recoverable amount is less than the carrying amount, the carrying amount of this investment is reduced by the impairment loss then an impairment loss is recognized in the Separate Interim statement of income.

33.6 Investments In Affiliates

The affiliates are subsidiaries of the parent company and the company has no direct control over them, investments in affiliates are recognized at historical cost. In case of the existence of impairment in the carrying amounts of these investments, the related investment is reduced by this impairment loss, and charged to the Separate Interim statement of income for each investment.

33.7 Inventories

Inventories are valued at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost is determined as follows:

Raw Materials: are valued at cost up to bringing them to warehouses, and the outgoing is evaluated using the first in first out method.

Spare Parts, Materials & Supplies are valued at cost up to bringing them to warehouses, and the outgoing is evaluated using the weighted average method.

Work In Process: according to the actual manufacturing cost which includes direct materials and labor cost in addition to its share of indirect manufacturing cost incurred until the last production stage reached.

Finished Products: according to the actual manufacturing cost.

33.8 Trade, Notes Receivables & Debtors

Trade and notes receivable and debtors are initially stated at their fair value and subsequently measured by amortized cost using the effective interest rate and reduced by estimated impairment losses from their values.

33.9 Cash & Cash Equivalents

Cash and cash equivalents in statement of cash flows comprise cash balances, banks current accounts, time deposits and money market fund which do not exceed three months and banks overdrafts that are repayable on demand and form an integral part of the company's cash management preparing are included as a component of cash equivalents. The Separate Interim statement of cash flows is prepared and presented according to the indirect method.

33.10 Trade, Notes Payable & Creditors

Trade and notes payable and creditors are initially stated at fair value and subsequently measured by amortized cost using the effective interest rate.

33.11 Impairment Of Assets**Non-Derivative Financial Assets****Financial Instruments & Assets Arising From The Contract**

The company recognizes Provisions for expected credit losses for the following:

- financial assets measured at amortized cost;
- investments in debt instruments that are measured at fair value through other comprehensive income; And
- Assets arising from the contract.
- The Company measures loss Provisions at an amount equal to the lifetime ECL, except for the following, which are measured at an amount equal to the 12-month ECL:
- Debt instruments that were identified as having low credit risk at the reporting date; And
- Other debt instruments and bank balances in which the credit risk (ie the risk of default over the expected life of the financial instrument) has not increased significantly since the first recognition.
- Provisions for losses of Trade Receivables and contract assets are always measured at an amount equal to the expected credit losses over their life.
- In determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportive information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and known credit assessment, including forward-looking information.
- The company assumes that the credit risk of the financial asset has increased significantly if it is more than 30 days past due.

The Company Considers A Financial Asset To Be In Default When:

It is unlikely that the borrower will pay its credit obligations to the group in full, without resorting to the company by measures such as liquidating the guarantee (if any); or

The financial asset is more than 90 days old.

The Company considers debt instruments to have low credit risk when their credit risk rating equals the globally understood definition of "investment grade".

Life expectancy credit losses are the expected credit losses that result from all possible failure events over the expected life of the financial instrument.

33. Significant Accounting Policies For The Separate Interim Financial Statements (Continued)**33.11 Impairment Of Assets (Continued)**

12-month ECL is the portion of ECL that results from failure events that are possible within a 12-month period after the reporting date (or a shorter period if the instrument has an expected life of less than 12 months). The maximum period considered when estimating Expected credit losses and the maximum contractual period in which the company is exposed to credit risk.

Measuring Expected Credit Losses

It is a probability-weighted estimate of credit losses. The present value of all cash shortfalls is measured (that is, the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive).

Expected credit losses are deducted at the financial asset's effective interest rate.

Credit Impaired Financial Assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt instruments measured at FVOCI are credit-impaired. The financial asset is considered "credit impairment", When one or more events that have a detrimental effect on the estimated future cash flows of the financial asset occur

Evidence That Financial Assets Are Credit Impaired Includes Observable Data.

- Significant financial difficulty for the lender or issuer and
- Violation of the contract such as failure or being overdue for a period of more than 90 days and
- The restructuring of a loan or advance by the company on terms that the company will not take into account in one way or another; And
- The borrower is likely to enter bankruptcy or other financial reorganization; or
- The disappearance of an active stock market due to financial difficulties.

Display The Provision For Expected Credit Losses In The Statement Of Financial Position

The loss allowance for financial assets measured at amortized cost is deducted from the total carrying amount of the assets.

For securities in debt securities that are measured at fair value through other comprehensive income, the loss allowance is charged to the profit or loss and is recognized in other comprehensive income.

Debt Write Off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering all or part of the financial asset. For individual clients, the Company has a policy of writing off the total gross book value when the financial asset is more than two years past due based on previous experience in recovering similar assets. For corporate clients, the Company makes an independent assessment of the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The company does not expect any significant refund of the amount written off. However, financial assets that have been written off may still be subject to liability activities in order to comply with the Company's procedures for recovering amounts due

33.12 Interest-Bearing Borrowings

- Interest-bearing borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost on an effective interest basis with any difference between cost and recoverable value being recognized in the statement of income over the period of the borrowings.
- Borrowing costs of financing fixed assets are capitalized to finance qualified fixed assets during the construction/preparation period till the asset is ready for use.

33.13 Provisions

Provision is recognized as a result of past event where the Company has a legal or constructive obligation and it is probable that a flow of economic benefits will be required to settle the obligation and the obligation can be reasonably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and, where appropriate, the risks specific to the liability. Provisions are reviewed at the financial position date and amended when necessary to reflect the best current estimate.

33.14 Capital**Capital Repurchase Of Share Of Capital**

At repurchase of issued share of capital, the amount paid including all direct costs related to the repurchase of share is recognized as a reduction to equity and classified as a treasury stocks deducted in side of shareholder's equity.

33. Significant Accounting Policies For The Separate Interim Financial Statements (Continued)**33.15 Revenues****a) Revenue Recognition**

Revenue is recognized when the Company has transferred to the customer the significant risks and rewards of ownership of the goods and invoice issuance. And it is probable that the economic benefits associated with the transaction will flow to the Company, and determine the costs related to selling and returned goods in trusted way with the inability of the company's management to make any letter effects on selling goods with the possibility of trusted revenue measuring. In the case of export sales, the transfer of control is extended to the goods sold in accordance with the shipping conditions.

Egyptian Accounting Standard No. (48) - Revenue From Contracts With Customers

Egyptian Accounting Standard No. (48) is a comprehensive framework for determining the value and timing of revenue recognition. This standard replaces the following Egyptian accounting standards (Egyptian Accounting Standard No. (11) Revenue and Egyptian Accounting Standard No. (8) Construction Contracts.

- Revenue is recognized when the customer is able to control the goods or services, and determining the timing of the transfer of control - over a period of time or at a point in time - requires a degree of personal judgment.
- The additional costs of obtaining a contract with a customer are recognized as an asset if the company expects to recover those costs.

b) Dividends

Dividends income is recognized in the statement of income on the date when the company has the right to receive investees' dividends occurred after the date of acquisition.

c) Interest income

Interest income is recognized in the statement of income as it accrues using the effective interest rate method.

33.16 Lease Contracts**Finance Lease Contracts**

A leased asset is recognized in the company's assets, also recognize a liability that represents the present value of the unpaid finance lease installments in the company's liability.

Finance Lease Contracts (Sale & Lease Back)

If the entity (the lessee) transfers the asset to the other entity (the lessor) and leased back the asset, the entity must determine whether the asset is being accounted for sales transaction or not, in case of not being sales transaction the lessee must continue to recognize the transferred asset and must recognize a financial liability equal to the proceeds of the transfer.

Operating Lease Contracts

Leases are classified as operating leases. Payments in respect of operating leases are charged to statement of income as an expense using a straight-line basis over the lease term. (Net of any lease, discount incentive and rent-free periods).

33.17 Earnings Or Losses Per Share

The company presents basic and diluted earnings or losses per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss for the year attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period.

33.18 Income Tax

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognized in the statement of income except to the extent that it relates to items recognized directly in shareholders' equity, in which case it is recognized in shareholders' equity.

Current tax is the expected tax payable on the taxable income using tax rates enacted financial position date.

Deferred tax is recognized for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized during the upcoming period.

33.19 Employees Benefits

The company contributes inside Egypt in Social Insurance under the Social Insurance Authority for the benefits of its personnel in pursuance to the Social Insurance Authority law No. 79 of 1975 and its amendments. These contributions recorded in the 'salaries and wages' accounts, in addition to end of service benefits as shown in note no.(10).

33. Significant Accounting Policies For The Separate Interim Financial Statements (Continued)

33.20 Financial Risk Management

The company has exposure to the following risks from its use of financial instruments:

- * Credit risk
- * Liquidity risk
- * Market risk

This note presents information about the company's exposure to each of the above risks, the company objectives, policies and processes for measuring and managing risks, and the company management of capital. Further quantitative disclosures are included throughout these Separate Interim financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the company's risk management framework, also identifying and analyzing the risks faced by the company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The company, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

33.20.1 Credit Risk

Credit risk is the risk that one party of financial instruments will fail to discharge an obligation and cause the other party to incur financial loss. This risk is mainly resulting from the company's trade and other debtors.

Trade Receivable & Other Debtors

The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the company's customer base, including the default risk has less of an influence on credit risk.

Most of company's revenue is represented in sales transaction with many customers with close values for each customer, hence, there is no concentration of credit risk on specific customers.

Cash & Cash Equivalents

Credit risk relating to cash and cash equivalents - except cash on hand - and financial deposits arises from the risk that the counterparty becomes insolvent and accordingly is unable to return the deposited funds. To mitigate this risk, whenever possible, the company conducts transactions and deposits funds with financial institutions with high and stable investment grade.

33.20.2 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. The company ensures that the sufficient cash on demand to meet expected operational expenses for a suitable period, including the service of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

33.20.3 Market Risk

Market risk is the risk that changes in market prices, such as foreign currency 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 optimising the return.

Currency Risk

The company is exposed to currency risk on transactions that are denominated in a currency other than the respective functional currencies of the company, primarily the U.S. Dollars (USD) and Euro. In respect of monetary assets and liabilities denominated in foreign currencies, the company ensures that its net exposure is kept to an acceptable level through purchase or sale of the foreign currencies with current prices when that is necessary to face the unbalanced short term.

Interest Rate Risk

The Company is exposed to market risks as a result of changes in interest rates particularly in relation to borrowings and credit facilities. Borrowings issued at floating rates expose the company to cash flow interest rate risk. Borrowings issued at fixed rates expose the company to fair value interest rate risk.

The basic strategy of interest rate risk management is to balance the debt structure with an appropriate mix of fixed and floating interest rate borrowings based on the company's perception of future interest rate movements.

Other Market Prices Risk

This risk arises from changes in the price of available-for-sale investments held by the company, the company's management monitors the equity instruments in the investments' portfolio according to the market and objective valuation of the Separate Interim financial statements related to these shares. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Board of Directors. The primary goal of the company's investment strategy is to maximize investment returns and the Company consults external advisors in this regard.

33. Significant Accounting Policies For The Separate Interim Financial Statements (Continued)

33.20 Financial Risk Management (Continued)

33.20.4 Capital Management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the company defines as net operating income divided by total shareholders' equity, the Board also monitors the level of dividends paid to shareholders. There were no changes in the company's approach to capital management during the period. The company is not subject to any externally imposed capital requirements.

34. The Egyptian Accounting Standard No. (47) Financial Instruments

The Egyptian Accounting Standard No. 47 sets out requirements for the recognition and measurement of financial assets, financial liabilities and certain contracts to buy or sell non-financial items. This standard replaces EAS No. 25 Financial Instruments: Presentation and Disclosure, FAS No. 26 Financial Instruments: Recognition and Measurement, and EAS No. 40 Financial Instruments: Disclosures applicable to disclosures for the year 2021.

A- Classification & Measurement Of Financial Assets & Financial Liabilities

The new standard requires the company to evaluate the classification of financial assets in its financial statements according to the cash flow characteristics of the financial assets and the company's relevant business models for a particular class of financial assets.

Egyptian Accounting Standard No. 47 no longer has an "available-for-sale" classification for financial assets. The new standard contains different requirements for financial assets in debt or equity instruments.

B- Debt Instruments Are Classified & Measured In One Of The Following Ways:

amortized cost, for which the effective interest rate method or. will be applied Fair value through other comprehensive income, with subsequent reclassification to the statement of profit and loss on sale of the financial asset or Fair value through profit or loss.

C- Classification & Measurement Of Investments In Equity Instruments Other Than Those Considered & Applied To Equity Accounting In One Of The Following Ways:

Fair value through other comprehensive income, with subsequent reclassification to the statement of profit and loss on sale of the financial asset, or fair value through profit or loss.

The company continues to initially measure financial assets at fair value plus transaction costs upon initial recognition, with the exception of financial assets measured at fair value through profit and loss in accordance with current practices. The classification of the majority of financial assets was not affected by the transition to Egyptian Accounting Standard No. 47 on January 1, 2021. Statement of reclassification made upon transition to Egyptian Accounting Standard No. 47 explained above In this note, Egyptian Accounting Standard No. 47 largely maintains the same existing requirements in Egyptian Accounting Standard No. 26 for classification and measurement of existing liabilities.

The application of Egyptian Accounting Standard No. 47 did not have a material impact on the company's accounting policies related to financial liabilities and derivative financial instruments.

D- Impairment

The Egyptian Accounting Standard No. 47 uses the expected credit loss model. Which replaces the actual loss model in the Egyptian Accounting Standard No. 26, where there was no need to create a provision for doubtful debts, except in cases where a loss actually occurred. On the contrary, the expected credit loss model requires the company to recognize a provision for doubtful debts on all financial assets carried at amortized cost, as well as debt instruments classified as financial assets at fair value through other comprehensive income since the first recognition, regardless of whether the loss occurred.

35. New Editions & Amendments To Egyptian Accounting Standards

On 6 March 2023, the Prime Minister's Decree No. (883) of 2023 was issued amending some provisions of the Egyptian accounting standards, and on 3 March 2024, another decision was issued by the Prime Minister No. (636) of 2024 amending some other provisions of the Egyptian accounting standards, and the following is a summary of the most important of those amendments:

New / Amended	Summary Of The Most Significant Amendments	Impact On The Financial Statements	Effective Date
Egyptian Accounting Standard No. (10) amended 2023 "Fixed Assets" and Egyptian Accounting Standard No. (23) amended 2023 "Intangible Assets".	<p>1- These standards were reissued in 2023, allowing the use of revaluation model when subsequent measurement of fixed assets and intangible assets.</p> <ul style="list-style-type: none"> - This resulted in amendment of the paragraphs related to the use of the revaluation model option in some of the applicable Egyptian Accounting Standards, which are as follows: - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Financial Reporting" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (49) "Leasing Contracts" <p>2-In accordance with the amendments made to the Egyptian Accounting Standard No. (35) amended 2023 "Agriculture", paragraphs (3), (6) and (37) of Egyptian Accounting Standard No. (10) "Fixed assets" have been amended, and paragraphs 22(a), 80(c) and 80(d) have been added to the same standard, in relation to agricultural produce harvested.</p>	The change doesn't have an impact on the financial statement.	<p>The amendments of adding the option to use the revaluation model are effective for financial periods starting on or after January 1, 2023, retrospectively, cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the Company applies this model for the first time.</p> <p>These amendments are effective for annual financial periods starting on or after January 1, 2023, retrospectively, cumulative impact of the preliminary applying of</p>

Ezz Steel Company (S.A.E)

Separate Interim Financial Statements For The Six Months Ended June 30, 2024

New Or Reissued Standards	Summary Of The Most Significant Amendments	Impact On The Financial Statements	Effective Date
	<p>The Company is not required to disclose the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) for the current period, which is the period of the financial statements in which the Egyptian Accounting Standard No. (35) amended 2023 and Egyptian Accounting Standard No. (10) amended 2023 are applied for the first time in relation to agricultural produce harvested. However, the quantitative information required under paragraph 28(f) of Egyptian Accounting Standard No. (5) should be disclosed for each comparative period presented.</p> <p>The Company may elect to measure an agricultural produce harvested item at its fair value at the beginning of the earliest period presented in the financial statements for the period in which the Company have been applied the above-mentioned amendments for the first time and to use that fair value as its deemed cost on that date. Any difference between the previous carrying amount and the fair value in the opening balance should be recognized by adding it to the revaluation surplus account in equity at the beginning of the earliest period presented.</p>		<p>the accounting treatment for agricultural produce harvested shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the Company applies this treatment for the first time.</p>
<p>Egyptian Accounting Standard No. (34) amended 2023 "Investment property".</p>	<p>1-This standard was reissued in 2023, allowing the use fair value model when subsequent measurement of investment property.</p> <p>2- This resulted in amendment of some paragraphs related to the use of the fair value model option in some of the applicable Egyptian Accounting Standards, which are as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (1) "Presentation of Financial Statements" - Egyptian Accounting Standard No. (5) "Accounting Policies, Changes in Accounting Estimates and Errors". - Egyptian Accounting Standard No. (13) "The Effects of Changes in Foreign Exchange Rates" - Egyptian Accounting Standard No. (24) "Income Taxes" - Egyptian Accounting Standard No. (30) "Financial Reporting" - Egyptian Accounting Standard No. (31) "Impairment of Assets" - Egyptian Accounting Standard No. (32) "Non-Current Assets Held for Sale and Discontinued Operations" - Egyptian Accounting Standard No. (49) "Leasing Contracts". 	<p>The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement.</p>	<p>The amendments of adding the option to use the fair value model are effective for financial periods starting on or after January 1, 2023 retrospectively, cumulative impact of the preliminary applying of the fair value model shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the Company applies this model for the first time.</p>

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Egyptian Accounting Standard No. (36) amended 2023 "Exploration for and Evaluation of Mineral Resources"	1- This standard was reissued in 2023, allowing the use of revaluation model when subsequent measurement of exploration and valuation assets. 2-The Company applies either the cost model or the revaluation model for exploration and valuation assets, the evaluation should carried out by experts specialized in valuation and registered in a register maintained for this purpose at the Ministry of Petroleum, and in the case of applying the revaluation model (whether the model stated in the Egyptian Accounting Standard (10) "Fixed Assets" or the model stated in Egyptian Accounting Standard (23) "Intangible Assets") should consistent with the classification of assets in accordance with paragraph No. (15) of Egyptian Accounting Standard No. (36) amended 2023.	The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement.	The amendments of adding the option to use the revaluation model are effective for financial periods starting <u>on or after January 1, 2023, retrospectively,</u> cumulative impact of the preliminary applying of the revaluation model shall be added to the revaluation surplus account in equity, at the beginning of the financial period in which the Company applies this model for the first time.
Egyptian Accounting Standard No. (35) amended 2023 "Agriculture".	This standard was reissued in 2023, where paragraphs (1-5), (8), (24), and (44) were amended and paragraphs (5a) - (5c) and (63) were added, with respect to the accounting treatment of agricultural produce harvested, (Egyptian Accounting Standard (10) "Fixed assets" was amended accordingly).	The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement.	These amendments are effective for annual financial periods starting <u>on or after January 1, 2023 retrospectively,</u> cumulative impact of the preliminary applying of the accounting treatment for agricultural produce harvested shall be added to the balance of retained earnings or losses at the beginning of the financial period in which the Company applies this treatment for the first time.
Egyptian Accounting Standard No. (50) "Insurance Contracts".	1-This standard determines the principles of recognition of insurance contracts falling within the scope of this standard, and determines their measurement, presentation, and disclosure. The objective of the standard is to ensure that the Company provides appropriate information that truthfully reflects those contracts. This information provides users of financial statements with the basis for assessing the impact of insurance contracts on the Company's financial position, financial performance, and cash flows. 2-Egyptian Accounting Standard No. (50) replaces and cancels Egyptian Accounting Standard No. 37 "Insurance Contracts".	This doesn't apply to the company's financial statements.	Egyptian Accounting Standard No. (50) is effective for annual financial periods starting <u>on or after July 1, 2024,</u> and if the Egyptian Accounting Standard No. (50) shall be applied for an earlier period, the Company should disclose that fact.

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	<p>3- Any reference to Egyptian Accounting Standard No. (37) in other Egyptian Accounting Standards to be replaced by Egyptian Accounting Standard No. (50).</p> <p>4-The following Egyptian Accounting Standards have been amended to comply with the requirements of the application of Egyptian Accounting Standard No. (50) "Insurance Contracts", as follows:</p> <ul style="list-style-type: none"> - Egyptian Accounting Standard No. (10) "Fixed Assets". - Egyptian Accounting Standard No. (23) "Intangible Assets". - Egyptian Accounting Standard No. (34) " Investment property ". 		
Egyptian Accounting Standard No. (34) amended 2024 "Investment Property "	The Egyptian Accounting Standard No. (34) "Investment Property" was reissued in 2024, to amend the fair value application mechanism by the mandate of recognizing the gain or loss arising from the change in the fair value of the investment property in the statement of profit or loss for the period in which the change arises or through the statement of other comprehensive income for one time in the life of the asset or investment, taking into account paragraphs (35a) and (35b) of the standard.	The Company doesn't have this type of asset. Accordingly, this change doesn't have an impact on the financial statement.	The amendments to the amendment of addition of the option to use the fair value model apply to financial periods commencing on or after January 1, 2024 with early adaption allowed retrospectively by recognizing the cumulative impact of the application of the fair value model initially by adding it to the opening balance of retained earnings/losses as at the beginning of the financial period in which the Company applies this model for the first time.
Egyptian Accounting Standard No. (17) amended 2024 "Separate Financial Statements"	Egyptian Accounting Standard No. (17) "Separate Financial Statements" was reissued in 2024, adding the option to use the equity method as described in Egyptian Accounting Standard No. (18) "Investments in Sister Companies" when accounting for investments in associates, sister companies and jointly controlled companies.	Management is currently studying the possibility of changing the accounting policy followed and instead use the equity method to account for investments in subsidiaries, associated companies and jointly controlled companies, and assessing the	The amendments shall apply to financial periods commencing on or after January 1, 2024 with early adaption allowed retrospectively by recognizing the cumulative impact of the application of the equity method by

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		potential impact on the financial statements if this method has been used.	adding it to the opening balance of retained earnings/losses as at the beginning of the financial period in which the Company applies this method for the first time.
Egyptian Accounting Standard No. (13) amended 2024 "Effects of changes in foreign exchange rates"	<p>This standard was reissued in 2024, to add how to determine the spot exchange rate when exchange between two currencies is difficult and what are the conditions that must be met for determining the spot exchange rate at the measurement date.</p> <p>An appendix to the application guidelines has been added, which includes guidelines for assessing whether a currency is exchangeable for another currency, and guidelines for applying the required treatments in case of non-exchangeability.</p>	The Company has assessed the impact of applying the amendments of this standard on its financial statements.	<p>Amendments regarding the determination of spot exchange rate when it is difficult to exchange between two currencies is applicable to financial periods commencing on or after January 1, 2024 with early adaption allowed.</p> <p>If the entity made an early application, this has to be disclosed.</p> <p>Entity shall not be modifying comparative information and instead should:</p> <ul style="list-style-type: none"> • When the entity reports foreign currency transactions to its functional currency, any effect of the initial application is recognized as an adjustment to the opening balance retained earnings/losses on the date of initial application. • When an entity uses presentation currency different than its functional currency or translates the results and balances of foreign operation, the resulting differences and financial position of a foreign transaction, any effect of the initial application is recognized as an adjustment to the cumulative translation adjustment reserve - accumulated in equity section on the date of initial application.

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			A temporary additional choice has been placed which enables entities with foreign currency liabilities in the date of exchange rate modifications related to fixed assets and/or Real estate and/or intangible assets (except: goodwill) and/or exploration assets and/or right of use assets of lease contracts acquired before the date of exchange rate modifications which still exist and operate and the entity recognizes the debit foreign differences resulting from the paid part of these liabilities during the financial period to implement this special accounting treatment. In addition to currency difference resulting from translating the remaining balance of these liabilities at the end of day 6/3/2024 or at the end of the financial statements closing day date if previously used during these dates and included in the cost of these assets .
Accounting Interpretation No. (2) "Carbon Reduction Certificates"	Carbon Credits Certificates: Are financial instruments subject to trading that represent units for reducing greenhouse gas emissions. Each unit represents one ton of equivalent carbon dioxide emissions, and are issued in favor of the reduction project developer (owner/non-owner), after approval and verification in accordance with internationally recognized standards and methodologies for reducing carbon emissions, carried out by verification and certification bodies, whether local or	The management is currently studying the financial implications of applying the accounting interpretation to the Company's financial statements.	The application starts on or after the first of January 2025, early adaption is allowed.

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	<p>international, registered in the list prepared by the Financial Regulatory Authority "FRA" for this purpose. Companies can use Carbon Credits Certificates to meet voluntary emissions reduction targets to achieve carbon trading or other targets, which are traded on the Voluntary Carbon Market "VCM".</p> <ul style="list-style-type: none"> - Accounting treatments vary according to the nature of the arrangement and the commercial purpose of purchasing or issuing certificates by project developers. Therefore, companies must identify the facts and understand the difference circumstances to determine the appropriate accounting treatment and the accounting standard that must be applied. - The interpretation addresses the accounting treatment of different cases in terms of initial measurements and subsequent measurement, exclusion from the books, and necessary disclosures. 		