

Lecico Egypt
(S.A.E.)
According to International Financial Reporting
Standard (IFRS)

Consolidated Interim Financial Statements
for the Financial period Ended March 31, 2024
And Limited Review Report

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Independent Auditors' Report on Review of Consolidated Interim Financial Statements

To the members of the Board of Directors of Lecico Egypt Company (S.A.E.)

Introduction

We have reviewed the accompanying consolidated statement of financial position of Lecico Egypt (S.A.E.) and its subsidiaries as of March 31, 2024 and the related consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the three-month period then ended, and a summary of material accounting policies and other explanatory notes to the consolidated interim financial statements. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with IAS 34 Interim Financial Reporting. Our responsibility is to express a conclusion on these consolidated interim financial statements based on our review.

Scope of Review

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

Basis for Qualified conclusion

As disclosed in note (3) of the notes to the consolidated interim financial statements, the Company's management have consolidated the financial information of the Lebanese Ceramic Industries company (subsidiary) for the financial period ended March 31, 2024, in the Group's consolidated financial statements, based on unreviewed financial statements by the company's auditor, and the subsidiary applied International Accounting Standard No. (29) "Financial Reporting in a Hyperinflationary Economy" without taking into account the impact on the comparative figures from the date the Lebanese economy had been considered hyperinflationary.

We didn't obtain sufficient evidences related to financial information of the Lebanese ceramic industries company represented in total assets of the Lebanese Ceramic Industries company amounted to approximately EGP 580 million as of March 31, 2024 which represents 9% of the Group's total assets, whereas the total liabilities of the Lebanese Ceramic Industries company as of March 31, 2024 amounted to approximately EGP 6.8 million after eliminating the intercompany balances, which represents 0.20% of the Group's total liabilities and total revenue of the Lebanese Ceramic Industries company for the financial period ended March 31, 2024 amounted to approximately EGP 15 million which represents 1% of the Group's total revenue and net loss for the financial period ended March 31, 2024 amounted to approximately EGP 17 million in the consolidated interim financial statements because our access to information is restricted by circumstances that cannot be overcome by the group management.



Hazem Hassan

Qualified Conclusion

Expect for the effect of information stated in the basis of qualified conclusion above, based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly – in all material respects - the consolidated financial position of the Company as of March 31,2024 and its consolidated financial performance and its consolidated cash flows for the three-month period then ended in accordance with the International Financial Reporting Standards and in the light of the prevailing Egyptian laws to the preparation of these consolidated financial statements.

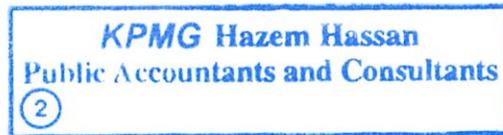
Other Matters

Our report is prepared for the management internal use only and should not be used in any other purposes.

KPMG Hazem Hassan

Mohamed Hassan Mohamed Youssef
Capital Market Register No. 400

Alexandria on May 23, 2024



Lecico Egypt (S.A.E.)
Consolidated statement of Financial Position as of March 31, 2024
According to International Financial Reporting Standards (IFRS)

	Note No.	March 31, 2024 EGP	December 31, 2023 EGP
<u>Assets</u>			
<u>Non-Current Assets</u>			
Property, plant & equipment	(15)	2 222 670 078	2 159 170 561
Projects under construction	(16)	96 499 215	46 977 888
Intangible assets	(17)	23 375 009	15 869 154
Equity-accounted investees	(18)	20 812	20 812
Notes receivable	(19)	345 486	355 357
Non-Current Assets		2 342 910 600	2 222 393 772
<u>Current Assets</u>			
Inventories	(20)	1 821 570 697	1 596 967 107
Trade and other receivables	(21)	1 438 677 672	1 179 786 142
Cash and cash equivalents	(22)	722 572 696	456 269 505
Current Assets		3 982 821 065	3 233 022 754
Total Assets		6 325 731 665	5 455 416 526
<u>Equity and liabilities</u>			
<u>Equity for holding company</u>			
Issued and paid up capital	(24-2)	400 000 000	400 000 000
Treasury shares	(24-3)	-	(25 388 998)
Reserves	(25)	1 818 481 801	1 735 425 623
Retained earnings		527 615 078	75 470 228
Equity attributable to holding company		2 746 096 879	2 185 506 853
Non-controlling interests	(24-4)	94 153 152	76 266 769
Total Equity		2 840 250 031	2 261 773 622
<u>Non-Current Liabilities</u>			
Loans	(27)	-	164 614
Non-current portion of lease Liabilities	(28)	117 422 471	84 977 704
Long-term notes payable	(31)	337 036 619	335 209 954
Provisions	(29)	16 968 353	14 420 148
Deferred tax liabilities	(14-2)	118 020 873	123 533 546
Non-Current Liabilities		589 448 316	558 305 966
<u>Current Liabilities</u>			
Banks overdraft credit facilities	(23)	1 198 532 328	1 387 483 248
Accrued income tax	(14-5)	271 517 615	151 554 607
Loans	(27)	1 287 576	10 158 729
Current portion of lease Liabilities	(28)	36 114 885	23 801 960
Trade and other payables	(32)	1 269 087 921	954 269 904
Provisions	(29)	119 492 993	108 068 490
Current Liabilities		2 896 033 318	2 635 336 938
Total Liabilities		3 485 481 634	3 193 642 904
Total Equity and Liabilities		6 325 731 665	5 455 416 526

- Notes from no (1) to no (41) are an integral part of these consolidated interim financial statements.
- Independent Auditor's Report on reviewing the consolidated Financial Statements

Finance Director
Mohamed Hassan



Managing Director
Taher Gilbert Gargour



Lecico Egypt (S.A.E.)**Consolidated statement of Profit or loss for the financial period ended March 31, 2024****According to International Financial Reporting Standards (IFRS)**

		For the period ended March 31,	
	Note	2024	2023
	<u>No.</u>	<u>EGP</u>	<u>EGP</u>
Sales	(5)	1 388 837 366	1 216 745 149
Cost of sales	(6)	<u>(953 074 137)</u>	<u>(747 360 820)</u>
Gross Profit		435 763 229	469 384 329
Other Income	(7)	52 411 640	30 015 458
Selling and distribution Expenses	(8)	(31 265 855)	(46 964 049)
General and administrative Expenses	(9)	(96 173 498)	(71 700 181)
Expected credit loss in trade and other receivables	(10)	(3 329 490)	(2 820 165)
Other Expenses	(11)	<u>(35 723 940)</u>	<u>(71 542 308)</u>
Operating Profit		321 682 086	306 373 084
Net finance income / (expenses)	(12)	<u>285 393 803</u>	<u>(129 279 398)</u>
Profit before tax		607 075 889	177 093 686
Income tax expense	(14)	<u>(120 683 511)</u>	<u>(86 536 200)</u>
Net Profit for the period		486 392 378	90 557 486
<u>Profit Attributable to:</u>			
Shareholders of the holding company		477 533 848	89 039 605
Non-controlling interests		<u>8 858 530</u>	<u>1 517 881</u>
Net Profit for the period		486 392 378	90 557 486
Basic and diluted Earning per share (EGP/Share)	(13)	5.96	1.11

- Notes from no (1) to no (41) are an integral part of these consolidated interim financial statements.

Lecico Egypt (S.A.E.)

Consolidated Statement of Comprehensive Income for the financial period ended March 31, 2024

According to International Financial Reporting Standards (IFRS)

	For the period ended March 31,	
	2024	2023
	<u>EGP</u>	<u>EGP</u>
<u>Other Comprehensive Income</u>		
Net Profit for the period	486 392 378	90 557 486
<u>Items of other comprehensive income:</u>		
<u>Items that may be reclassified to profit or loss statement</u>		
foreign currency translation differences of foreign entities	92 084 031	(67 793 210)
Total comprehensive income for the period	<u>578 476 409</u>	<u>22 764 276</u>
 <u>Total comprehensive income attributable to:</u>		
Shareholders of the holding company	560 590 026	25 391 188
Non-controlling interests	17 886 383	(2 626 912)
Total comprehensive income for the period	<u>578 476 409</u>	<u>22 764 276</u>

- Notes from no (1) to no (41) are an integral part of these consolidated interim financial statements.

Lecico Egypt (S.A.E.)

Consolidated Statement of Changes in Equity for the financial period Ended March 31, 2024

According to International Financial Reporting Standards (IFRS)

	<u>Note No</u>	<u>Issued & Paid up Capital EGP</u>	<u>Treasury shares EGP</u>	<u>Reserves EGP</u>	<u>accumulated (Loss)/gain EGP</u>	<u>Equity of the holding company EGP</u>	<u>Non- controlling Interests EGP</u>	<u>Total Equity EGP</u>
Balance as of January 1, 2023		400 000 000	--	1 813 887 128	(370 813 826)	1 843 073 302	57 280 922	1 900 354 224
<u>Other Comprehensive Income</u>								
foreign currency translation differences of foreign entities		--	--	(63 648 417)	--	(63 648 417)	(4 144 793)	(67 793 210)
Net profit for the period		--	--	--	89 039 605	89 039 605	1 517 881	90 557 486
Total comprehensive income		--	--	(63 648 417)	89 039 605	25 391 188	(2 626 912)	22 764 276
Balance as of March 31, 2023		400 000 000	--	1 750 238 711	(281 774 221)	1 868 464 490	54 654 010	1 923 118 500
Balance as of January 1, 2024		400 000 000	(25 388 998)	1 735 425 623	75 470 228	2 185 506 853	76 266 769	2 261 773 622
<u>Other Comprehensive income</u>								
foreign currency translation differences of foreign entities		--	--	83 056 178	--	83 056 178	9 027 853	92 084 031
Net profit for the period		--	--	--	477 533 848	477 533 848	8 858 530	486 392 378
Total comprehensive income		--	--	83 056 178	477 533 848	560 590 026	17 886 383	578 476 409
<u>Shareholder's transactions</u>								
Distribution of treasury shares	(5)	--	25 388 998	--	(25 388 998)	--	--	--
Balance as of March 31, 2024		400 000 000	--	1 818 481 801	527 615 078	2 746 096 879	94 153 152	2 840 250 031

▪ Notes from no (1) to no (41) are an integral part of these consolidated interim financial statements.

Lecico Egypt (S.A.E.)
Consolidated Statement of Cash Flows for the financial period ended March 31, 2024
According to International Financial Reporting Standards (IFRS)

	Note No.	March 31, 2024 EGP	March 31, 2023 EGP
<u>Cash Flow from Operating Activities</u>			
Net profit for the period before tax		607 075 889	177 093 686
<u>Adjusted by the following:</u>			
Fixed asset depreciation	(15)	39 426 629	27 627 447
Intangible assets amortization	(17)	655 989	513 550
Finance interest expenses on lease contracts	(12),(28)	1 334 200	846 785
finance expenses	(12)	68 136 917	48 001 540
Net income from investment fair value through profit or loss	(12)	(149 513 068)	--
Capital gain	(7)	--	(1 285 472)
Change in translation reserve and foreign currency differences	(12),(24-4),(25)	122 402 303	(137 789 964)
Profit generated from operations		689 518 859	115 007 572
Change in inventories	(20)	(293 966 912)	(374 111 193)
Change in trade,notes and other receivables	(21)	(263 362 136)	(20 672 257)
Change in trade, notes and other payables	(32)	316 644 682	56 954 985
Change in provisions	(29)	12 324 503	9 331 258
		461 158 996	(213 489 635)
Interest expenses paid	(12)	(68 136 917)	(48 001 540)
Finance interest expenses paid on lease contracts	(12),(28)	(1 334 200)	(846 785)
Income Tax paid	(14)	(6 233 176)	(8 691 819)
Net cash available from / (used in) operating activities		385 454 703	(271 029 779)
<u>Cash Flow from Investing Activities</u>			
Payments for acquisition of PPE & PUC	(15),(16)	(64 112 433)	(35 403 060)
Payments for acquisition financial securities		(156 483 911)	--
Proceeds from financial securities		305 996 979	--
Payments for acquisition of intangible assets	(17)	(210 867)	--
Proceeds from sale of property, plant and equipment		--	1 285 472
Net cash available from /(used in) investing activities		85 189 768	(34 117 588)
<u>Cash Flow from Financing Activities</u>			
Payments of loans	(27)	(9 473 877)	(9 275 829)
Payments of lease liabilities	(28)	(5 916 483)	(3 601 442)
Net proceeds from banks credit facilities	(23)	(188 950 920)	148 029 078
Proceeds from restricted time deposits	(22)	--	30 000 000
Net cash (used in) / available from financing activities		(204 341 280)	165 151 807
Net change in cash and cash equivalents during the period		266 303 191	(139 995 560)
Cash and cash equivalents at the beginning of the period	(22)	456 269 505	467 963 520
Restricted time deposits	(22)	(472 200)	--
Cash and cash equivalent at the end of the period	(22)	722 100 496	327 967 960
<u>Non- cash transactions</u>			

- The notes from no. (1) to no. (41) are an integral part of these consolidated interim financial statements.
- The value of transactions that represent non-cash transaction have been excluded as shown in note no.(30)

Lecico Egypt (S.A.E.)**Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standards (IFRS)****1- Background for holding company and subsidiaries**

These consolidated interim financial statements of Lecico Egypt company for the financial period ended March 31, 2024 comprise of the holding company and its subsidiaries (together referred to as the "Group" and individually as "Group entities")

1-1 The headquarters of the holding company is located at khorshed in Alexandria, and Mr/ Taher Gargour is a member of the board of directors.

1-2 Lecico Egypt (The holding Company)

Lecico Egypt (S.A.E.) was established on November 1, 1975 according to the resolution of Ministry of Economics and Economic Co-operation number 142 of 1975. The company is subject to the Investment Law no. 72 of 2017 that superseded law no. 8 of 1997. The holding company's purpose is the production of all ceramic products including the production of sanitary ware and all kinds of tiles in addition to capital lease transactions.

The duration of the company is 75 periods starting from November 10, 1975 till November 9, 2050.

1-3 The company is listed on the official list of the Egyptian Exchange.

1-4 Subsidiaries

The following is a list of the subsidiaries comprising the consolidated interim financial statements together with the respective percentage owned by the holding Company:

	<u>Country of Incorporation</u>	<u>Ownership Interest (direct and indirect)</u>	
		<u>March 31, 2024</u>	<u>December 31, 2023</u>
		<u>%</u>	<u>%</u>
1- Lecico for Ceramics Industries (S.A.E.)	Egypt	99.99	99.99
2- TGF for Consulting and Trading (S.A.E.)	Egypt	99.83	99.83
3- Lecico for Financial Investments (S.A.E.)	Egypt	99.33	99.33
4- The Lebanese Ceramics Industries (S.A.L.)	Lebanon	94.77	94.77
5- International Ceramics (S.A.E.)	Egypt	99.97	99.97
6- Lecico for Trading and Distribution of Ceramics (S.A.E.)	Egypt	100	100
7- European Ceramics (S.A.E)	Egypt	99.97	99.97
8- Sarrguemines (S.A.E)	Egypt	99.85	99.85
9- Burg Armaturen Fabrik - Sarrdesign (S.A.E.)	Egypt	69.85	69.85
10- <u>Lecico UK (Ltd)</u>	United Kingdom	100	100
10-1 Lecico PLC	United Kingdom	100	100
10-2 Lecico S. A	South Africa	51	51
10-3 Lecico Poland	Poland	91	80

The financial year for the holding company and the group companies starts at the first of January and ends at December 31 of every period

The purpose of activities of the subsidiaries companies is manufacturing the production of all ceramic products including the manufacturing and production of Sanitary ware and all kinds of tiles and also selling and distribution.

Lecico Egypt (S.A.E.)

**Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standards (IFRS)**

2- Basis of preparation of accounting for consolidated financial statements

2-1 Accounting framework for preparing consolidated interim financial statements

The consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations adopted by the International Accounting Standards Board (IASB) for internal use by management.

- The holding company prepared another consolidated financial statement in accordance with the Egyptian accounting standard.
- Material accounting policies applied policies are disclosed in note no (38)
- The accompanying consolidated interim financial were authorized for issuance by the board of director on May 22, 2024.

2-2 Basis of measurement

The consolidated interim financial statements have been prepared on historical cost basis except for the following:

- Financial assets and liabilities recognized at fair values through profits and losses.
- Financial assets and liabilities recognized at fair values through other comprehensive income.
- financial assets and liabilities that are stated at fair value and amortized cost.

2-3 Functional and presentation currency

The consolidated interim financial statements are presented in Egyptian Pounds (EGP) which is the company's functional currency and all date are presented in Egyptian pounds (EGP) unless otherwise indicated in the consolidated interim financial statements or in the note disclosures.

2-4 Use of Estimates and Judgments

- In preparing the consolidated interim financial statements International Financial Reporting Standards (IFRS), management has made judgments, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses and the accompanying disclosures, and the disclosure of contingent liabilities. These estimates and assumptions are based on past experience and various factors. Actual results may differ from these estimates.

Actual results may differ from these estimates and the uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

A- Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognized in the interim financial statements is included in the following notes:

- Revenue recognition

Revenue is recognized as detailed in the accounting policies applied.

Lecico Egypt (S.A.E.)

**Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standards (IFRS)**

- **Equity-accounted investees and associates Companies:**

Determining whether the Group has significant influence over Companies and investees.

- **Lease contracts classification.**

In the process of classifying properties, management has made various judgements. Judgement is needed to determine whether a property qualifies as an investment property, property, plant and equipment and/or property held for sale. The Company develops criteria in order to exercise that judgement consistently in accordance with the definitions of investment property, property, plant and equipment and property held for sale. In making its judgement, management considered the detailed criteria and related guidance for the classification of properties as set out in IFRS 16 and the intended usage of property as determined by management.

- **Incremental Borrowing Rates (IBRs) applied in right of use calculation.**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of asset leased.

- **Recognition of current and deferred tax assets and liabilities and their measurement**

Income taxes, whether current or deferred, are determined by each subsidiary of the Group in accordance with the tax law requirements of each country in which the subsidiary of the Group operates.

The Group's profit is subject to income tax, which requires using of significant estimates to determine the total income tax liability. As determining the final tax liability for some transactions could be difficult during the period, the Group record current tax liability according to its' best estimate about the taxable treatment of that transactions and the possibility of incurring of additional tax charges that may result from the tax inspection. And when a difference arising between the final tax liability and what is being recorded, such difference is recorded as income tax expense and current tax liability in the current period and to be considered as change in accounting estimates.

For recognition of deferred tax assets, management uses assumptions about the availability of sufficient taxable profits allowing use of recognized tax assets in the future. Management also uses assumptions related to determination of the applicable tax rate at the financial statements date at which deferred tax assets and liabilities are expected to be settled in the future.

This process requires the use of multiple and complex estimates in estimating and determining the taxable pool and temporary deductible taxable differences resulting from the difference between the accounting basis and the tax basis for some assets and liabilities. In addition to estimating the extent to use deferred tax assets arising from carry forward tax losses, in the light of making estimates of future taxable profits and future plans for each of the activities of the subsidiaries of the Group.

Lecico Egypt (S.A.E.)

**Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standards (IFRS)**

B- Assumptions and estimation uncertainties

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below. The Group bases its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Provisions and contingent liabilities

Provisions are recognized when the company has obligations arising (legal or implied) from past events and the settlement of obligations is probable and their value can be measured in a reliable way. The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the date of the financial statements, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. In the event that some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the amount due is recognized as an asset if it is certain that the amount will be recovered and the value of the amount due can be measured reliably.

Calculation of loss allowance

The Company assesses the impairment of its financial assets based on the expected credit loss (“ECL”) model. Under the ECL model, the Company accounts for expected credit losses and changes in those expected credit losses at the end of each reporting period to reflect changes in credit risk since initial recognition of the financial assets. The Company measures the loss allowance at an amount equal to the lifetime ECL for its financial instruments. When measuring ECL, the Company uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, considering cash flows from collateral and integral credit enhancements. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions, and expectations of future conditions.

Estimation of net realizable value for inventory

Inventory is stated at the lower of cost or net realizable value (“NRV”). NRV is assessed with reference to sales prices at the end of the reporting period. NRV is determined by the Company having taken suitable external advice and in the light of recent market transactions, where available.

NRV for completed units available for sale is assessed by reference to market conditions and prices existing at the reporting date and is determined by the Company, based on comparable transactions identified by the Company for properties in the same market.

Lecico Egypt (S.A.E.)

**Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standards (IFRS)**

The useful life of fixed assets and intangible assets

The company's management determines the estimated useful life of fixed assets and intangible assets for the purpose of calculating depreciation and amortization, this estimate is made after taking into account the expected use of the asset or actual obsolescence, the management periodically reviews the useful lives on an annual basis, at least, and the depreciation method to ensure that the method and periods of depreciation are consistent with the expected pattern of economic benefits of the assets.

Impairment of property, plant and equipment and projects under construction

Properties classified under property, plant and equipment and projects under construction are assessed for impairment when there is an indication that those assets have suffered an impairment loss. An impairment review is carried out to determine the recoverable amount which considers the fair value of the property under consideration. The fair value of Properties classified under property, plant and equipment is determined by an independent expert.

2-5 Measurement of fair values

A certain number of the Company's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. Accreditation is measured in the fair value of assets and liabilities mainly on available market data, and the data that is relied upon in the evaluation is classified according to the following hierarchy:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2: inputs** of the quoted prices included in level (1) that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- **Level 3:** inputs for the asset or liability that are not based on observable market data (unobservable inputs).
- The Company recognizes transfers between levels of the fair value hierarchy at the end of the financial period during which the change has occurred.
- Further information about the assumptions made in measuring fair values is included in the following notes:
 - Property, plants and equipments (Note 15)
 - Financial instruments (Note 36)

3- The separate financial statements of Lecico for ceramic Lebanon (Subsidiary Company) for the financial period ended March 31, 2024

Since 2019, Lebanon faced unstable Political conditions, which had the greatest impact on its economy and the banking sector that resulted in general decline in the economic activity during the period. These may have significant influence on the valuation of the Lebanese subsidiary's assets and liabilities resulting from carrying out its activity in the future. In the light of the previously mentioned conditions and their consequences on commercial activity in Lebanon generally, the Lebanese subsidiary's auditor was not able to quantify the effect of such conditions on the values of assets and liabilities included in its individual financial statements as at March 31, 2024.

Lecico Egypt (S.A.E.)

**Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standards (IFRS)**

On preparing the accompanying consolidated interim financial statements on March 31, 2024, the Group management relied on unaudited financial statements for Lecico for ceramic Lebanon consolidated financial statements prepared by the management of the company.

The following is a summary of the financial information of the subsidiary, which was included in the interim consolidated financial statements on March 31, 2024 after translation to the Egyptian pound.

<u>Financial position statement as of March 31, 2024</u>	Lebanese ceramics industries EGP (unreviewed) March 31, 2024	Lebanese ceramics industries EGP (unaudited) December 31, 2023
<u>Assets</u>		
Non-current assets	459 034 795	461 539 630
Current assets	121 044 435	91 508 578
Total assets	580 079 230	553 048 208
<u>Equity</u>		
Issued & paid up capital	10 974 654	10 974 654
Reserves	358 027 272	591 623 086
Accumulated (losses)	(58 332 703)	(58 332 703)
Foreign entities translation differences	103 107 997	(95 203 359)
Total Equity	413 777 220	449 061 678
<u>Liabilities</u>		
Non-current liabilities	4 765 967	3 117 762
Current liabilities	2 049 554	4 576 291
Current liabilities-Lecico Egypt (parent company)	159 486 489	96 292 477
Total liabilities	166 302 010	103 986 530
Total Equity and liabilities	580 079 230	553 048 208
<u>Profit or loss statement for the financial period ended on March 31, 2024</u>	March 31, 2024 EGP (unreviewed)	March 31, 2023 EGP (unreviewed)
Sales	15 351 042	21 268 237
Cost of sales	(10 844 344)	(11 210 896)
Gross profit	4 506 698	10 057 341
Operating expenses	(20 220 785)	(48 427 005)
Net finance income	(1 296 250)	(104 802 805)
Net (loss) for the period	(17 010 337)	(143 172 469)

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024

According to International Financial Reporting Standards (IFRS)

4- Segment Information

- Segments are identified according to the method used internally to present financial reports to senior management.
- A Segment is a group of related assets and operations that are characterized by risks and benefits that differ from those associated with other Segments or within a single economic environment that are characterized by risks and benefits that are distinct from those associated with Segments operating in a different economic environment.
- The company has (3) operating Segments, which represent Segments for which financial reports are submitted to senior management. The following is a statement of the operations of each Segment for which reports are issued:
 1. Sanitary Ware Segment.
 2. Tile Segment.
 3. Brassware Segment.

The Group's assets, liabilities and results of operations as of and for the period ended March 31, 2024 and December 31, 2023 by Sanitary Ware, Tile, Brassware segments are detailed below:

<u>March 31, 2024</u>	<u>Sanitary Ware Segment</u>	<u>Tile Segment</u>	<u>Brass ware Segment</u>	<u>Total</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
Assets	3 328 824 339	2 922 092 677	74 814 649	6 325 731 665
Liabilities	1 763 864 043	1 550 741 647	170 875 944	3 485 481 634
Revenues	900 730 277	381 367 065	106 740 024	1 388 837 366
Net profit attributable to shareholders of the holding Company	<u>320 893 422</u>	<u>135 865 514</u>	<u>20 774 912</u>	<u>477 533 848</u>
<u>December 31, 2023</u>				
Assets	2 836 318 194	2 561 279 200	57 819 132	5 455 416 526
Liabilities	1 608 377 137	1 453 985 769	131 279 998	3 193 642 904
Revenues	3 168 669 968	1 354 826 130	319 435 112	4 842 931 210
Net (loss)/Profit attributable to shareholders of the holding Company	<u>270 457 377</u>	<u>115 639 282</u>	<u>60 187 395</u>	<u>446 284 054</u>

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024

According to International Financial Reporting Standards (IFRS)

The Group operates in the principal geographical areas of the Egypt, Lebanon, and other.

The Group's assets, liabilities and results of operations as of and for the period ended March 31, 2024 and December 31, 2023 by geographical areas are detailed below:

March 31, 2024

	<u>Egypt</u> <u>EGP</u>	<u>Lebanon</u> <u>EGP</u>	<u>Others</u> <u>EGP</u>	<u>Total</u> <u>EGP</u>
Assets	4 937 812 597	618 782 094	769 136 974	6 325 731 665
Liabilities	2 740 420 922	192 064 677	552 996 035	3 485 481 634
Revenues	1 238 697 168	7 661 474	142 478 724	1 388 837 366
Net profit/ (loss) attributable to shareholders of the holding Company	<u>491 245 120</u>	<u>(16 230 882)</u>	<u>2 519 610</u>	<u>477 533 848</u>

December 31, 2023

Assets	4 397 345 429	553 048 208	505 022 889	5 455 416 526
Liabilities	2 699 590 329	129 749 196	364 303 379	3 193 642 904
Revenues	4 184 711 986	66 993 554	591 225 670	4 842 931 210
Net profit / (loss) attributable to shareholders of the holding Company	<u>445 796 576</u>	<u>(18 924 206)</u>	<u>19 411 684</u>	<u>446 284 054</u>

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standards (IFRS)

5- Sales	Note No.	31/3/2024 EGP	31/3/2023 EGP
Revenue recognised at a point in time			
Sanitary Ware		900 730 277	788 020 113
Tile		381 367 065	358 265 054
Brass ware		106 740 024	70 459 982
		1 388 837 366	1 216 745 149
6- Cost of sales			
Raw materials and consumables		613 837 764	507 716 945
Energy expense		175 096 019	163 490 134
Depreciation	(15)	36 065 358	25 267 766
Employees' share in profit		3 728 348	21 646 673
Change in finished goods and under process		7 010 322	(113 886 198)
Write down in inventory		19 958 660	47 581 361
Other		97 377 666	95 544 139
		953 074 137	747 360 820
7- Other Income			
Other income		926 444	1 137 880
Export revenue subsidies		--	10 524 662
Capital gain		--	1 285 472
Scrap Sales		8 576 630	5 252 184
Discounting long term notes payables to its present value		42 908 566	11 815 260
		52 411 640	30 015 458
8- Selling and distribution expense			
Freight and export expenses		--	636 705
Salaries and wages		2 699 620	2 237 516
Exhibition expenses		20 148 835	29 199 304
Marketing and advertising expenses		5 510 993	685 240
Depreciation	(15)	515 862	601 556
Other		2 390 545	13 603 728
		31 265 855	46 964 049
9- General and administrative expense			
Administrative salaries		54 359 857	42 477 225
Transportation expenses		7 683 939	4 761 991
Audit and consultation fees		8 160 452	4 377 457
Computers and networks		5 472 896	3 961 043
Taxes and health insurance		3 908 494	3 974 453
Depreciation	(15)	2 845 409	1 758 125
Telephone and post expenses		1 315 609	5 263 152
Other		12 426 842	5 126 735
		96 173 498	71 700 181
10- Expected credit loss			
Expected credit loss in Trades and other receivables	(21)	3 329 490	2 820 165
		3 329 490	2 820 165

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standards (IFRS)**11- Other Expenses**

	Note No.	31/3/2024 EGP	31/3/2023 EGP
Formed claims provision	(29)	14 353 600	11 089 288
Miscellaneous expenses		18 900 802	58 418 234
Remuneration of the holding company's board of directors	(33-3)	2 459 668	1 989 988
Discounting long term notes receivables to its present value		9 870	44 798
		35 723 940	71 542 308

12- Net Finance Expenses/ (income)**Finance Expense**

Finance expenses		68 136 917	48 001 540
Finance cost in lease contract	(28)	1 334 200	846 785
Foreign exchange rate differences		--	80 431 073
Total finance expense		69 471 117	129 279 398

Less:**Finance Income**

Interest Income		(805 903)	--
Income from investment with fair value through profit or loss *		(149 513 068)	--
Foreign currency exchange differences		(204 454 949)	--
Total finance income		(354 864 920)	--
Net finance (income) / expenses		(285 393 803)	1299 398

*Investment gain represented as the net income from investment in securities at Egyptian exchange stock.

13- Basic and diluted earning per share in profit

The earning per share (basic and diluted) was calculated as follows:

	<u>March 31,2024</u>	<u>March 31,2023</u>
Net profit for the period attributable to the holding company's shareholders (EGP)	477 533 848	89 039 605
The number of outstanding shares during the period(share)	80 000 000	80 000 000
Basic and diluted earning per share in profit for the period(EGP/share)	5.96	1.11

14- Income tax**14.1. Income tax charged to profit or loss consolidated statement**

	31/3/2024 EGP	31/3/2023 EGP
Income tax for the period	126 196 184	86 291 847
Deferred income tax expense	(5 512 673)	244 353
	120 683 511	86 536 200

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standards (IFRS)**14.2. Recognized deferred tax assets and liabilities**

	Financial statements		Profit or loss statement	
	31/3/2024	31/12/2023	31/3/2024	31/12/2023
<i>In Egyptian Pound</i>				
Property, plant and Equipment	120 972 464	127 233 341	(6 260 877)	12 406 302
Inventory	(2 951 591)	(3 699 795)	748 204	(74 303)
Deferred Tax during the Period	118 020 873	123 533 546	(5 512 673)	12 331 999

No liability has been recognized with respect to temporary differences associated with undistributed profits of certain subsidiaries as the Group is able to control the timing of such distributions and it is likely that such differences will not be reversed in the future.

14.3. Reconciliation of effective tax rate

	31/3/2024	31/12/2023
	<u>EGP</u>	<u>EGP</u>
Net Profit before tax	607 075 889	686 961 072
Tax rate	22.5%	22.5%
Income tax calculated based on the accounting Profit	136 592 075	154 566 241
Effect of provisions and ECL	21 889 603	143 835 591
Investment financing cost	--	314 325
(exempted revenue) / Non deductible tax expenss	(92 594 332)	121 775 582
Exemption (investments income)	--	(3 143 250)
Tax base	22.5% 536 371 160	22.5% 949 743 320
Income tax expense	120 683 511	213 692 247
Effective Tax Rate	19.88%	31.10%

14.4. Unrecognized deferred tax assets

Deferred tax assets have not been recognized in respect of the following items:

	31/3/2024	31/12/2023
	<u>EGP</u>	<u>EGP</u>
Impairment of trade and notes receivables	29 472 189	27 714 947
Provisions	30 703 803	27 559 943
Impairment of equity-accounted investees	1 580 539	1 580 539
Total	61 756 531	56 855 429

- Deferred tax assets have not been recognized in respect of these items as conditions for the tax deduction are not met, or the lack of appropriate level of assurance that these assets can be benefited from in the future.

14.5. Accrued income tax

	31/3/2024	31/12/2023
	<u>EGP</u>	<u>EGP</u>
Current income tax	364 851 895	252 548 941
Tax authority-withholding tax	(93 334 280)	(100 994 334)
	271 517 615	151 554 607

Lecico Egypt (S.A.E.)

Note to the Consolidated interim Financial Statements for the financial period ended March 31, 2024

According to International Financial Reporting Standard (IFRS)

15- Property, plant and equipment

<u>Cost</u>	<u>Land</u> <u>EGP</u>	<u>Buildings</u> <u>EGP</u>	<u>Leasehold</u> <u>Improvements</u> <u>EGP</u>	<u>Machinery</u> <u>&</u> <u>Equipment</u> <u>EGP</u>	<u>Vehicles</u> <u>EGP</u>	<u>Tools</u> <u>EGP</u>	<u>Furniture,</u> <u>Office</u> <u>Equipment</u> <u>& Computers</u> <u>EGP</u>	<u>Rights - of use</u> <u>assets</u> <u>EGP</u>	<u>Total</u> <u>EGP</u>
As of 01/01/2024	1 539 390 290	415 478 227	28 431 957	1 710 065 398	108 493 435	218 403 499	58 222 026	166 821 122	4 245 305 954
Translation differences	177	42 280 134	11 291 763	245 213 508	22 795 630	21 075 585	7 957 606	76 014 939	426 629 342
Additions during the period	--	205 873	10 584	3 952 596	7 622 801	1 661 781	1 137 471	2 031 897	16 623 003
Disposals during the period	--	--	--	(1 969 871)	(813 608)	--	--	--	(2 783 479)
As of 31/3/2024	1 539 390 467	457 964 234	39 734 304	1 957 261 631	138 098 258	241 140 865	67 317 103	244 867 958	4 685 774 820
<u>Accumulated Depreciation</u>									
As of 01/01/2024	--	288 982 309	18 383 675	1 373 731 657	93 831 206	185 306 664	49 365 936	76 533 946	2 086 135 393
Translation differences	--	28 624 302	6 498 991	230 106 193	21 985 202	9 310 378	7 682 872	36 118 261	340 326 199
Depreciation of the period	--	3 503 251	499 643	26 561 487	1 246 195	1 385 726	522 716	5 707 611	39 426 629
Disposals accumulated depreciation	--	--	--	(1 969 871)	(813 608)	--	--	--	(2 783 479)
As of 31/3/2024	--	321 109 862	25 382 309	1 628 429 466	116 248 995	196 002 768	57 571 524	118 359 818	2 463 104 742
<u>Net book value</u>									
As of 31/3/2024	1 539 390 467	136 854 372	14 351 995	328 832 165	21 849 263	45 138 097	9 745 579	126 508 140	2 222 670 078
As of 31/12/2023	1 539 390 290	126 495 918	10 048 282	336 333 741	14 662 229	33 096 835	8 856 090	90 287 176	2 159 170 561
Fully depreciated assets and still working	--	68 098 739	13 362 711	789 599 002	46 489 891	147 358 672	31 067 811	--	1 095 976 826

- The Land and Buildings include properties at a cost of EGP 1.8 million and EGP 6.5 million respectively which were purchased by the holding company with an unregistered initial contract.
- The right of use assets category is represented in the present value of right of use assets arisen from lease contracts for a number of outlets in different governorates in Egypt. That are formed by Lecico For Trading and Distribution of ceramics "one of the subsidiaries. In addition to lease contracts formed by subsidiaries in United Kingdom and South Africa.

Depreciation expense has been charged as follow:

	<u>Note</u> <u>No</u>	<u>31/3/2024</u> <u>EGP</u>	<u>31/3/2023</u> <u>EGP</u>
Cost of sales	(6)	36 065 358	25 267 766
General and administrative expense	(9)	1 315 609	1 758 125
Selling abd distribution expense	(8)	515 862	601 556
		<u>39 426 629</u>	<u>27 627 447</u>

Lecico Egypt (S.A.E.)

Note to the Consolidated interim Financial Statements for the financial period ended March 31, 2024

According to International Financial Reporting Standard (IFRS)

Property, plant and equipment (Continued)

	Land EGP	Buildings EGP	Leasehold Improvements EGP	Machinery & Equipment EGP	Vehicles EGP	Tools EGP	Furniture, Office Equipment & Computers EGP	Rights - of use assets EGP	Total EGP
Cost									
As of 01/01/2023	1 539 407 928	388 326 251	27 976 987	1 369 015 587	83 991 751	199 086 643	49 380 950	112 989 192	3 770 175 289
Translation differences	(17 638)	26 100 958	5 077 615	156 398 466	15 469 838	13 863 230	5 234 404	40 557 373	262 684 246
Additions during the year	--	1 763 494	1 552 486	207 405 673	9 717 107	5 453 626	3 606 672	18 117 454	247 616 512
Disposals during the year	--	(712 476)	(6 175 131)	(22 754 328)	(685 261)	--	--	(4 842 897)	(35 170 093)
As of 31/12/2023	<u>1 539 390 290</u>	<u>415 478 227</u>	<u>28 431 957</u>	<u>1 710 065 398</u>	<u>108 493 435</u>	<u>218 403 499</u>	<u>58 222 026</u>	<u>166 821 122</u>	<u>4 245 305 954</u>
Accumulated Depreciation									
As of 01/01/2023	--	258 025 125	20 053 871	1 177 915 595	76 979 604	172 540 173	42 508 886	36 630 367	1 784 653 621
Translation differences	--	17 718 404	2 614 765	150 511 238	15 243 575	6 123 396	4 997 986	22 913 395	220 122 759
Depreciation of the year	--	13 891 936	1 890 170	68 059 151	2 298 895	6 643 095	1 859 064	21 088 948	115 731 259
Disposals accumulated depreciation	--	(653 156)	(6 175 131)	(22 754 327)	(690 868)	--	--	(4 098 764)	(34 372 246)
As of 31/12/2023	<u>--</u>	<u>288 982 309</u>	<u>18 383 675</u>	<u>1 373 731 657</u>	<u>93 831 206</u>	<u>185 306 664</u>	<u>49 365 936</u>	<u>76 533 946</u>	<u>2 086 135 393</u>
Net book value									
As of 31/12/2023	<u>1 539 390 290</u>	<u>126 495 918</u>	<u>10 048 282</u>	<u>336 333 741</u>	<u>14 662 229</u>	<u>33 096 835</u>	<u>8 856 090</u>	<u>90 287 176</u>	<u>2 159 170 561</u>
As of 31/12/2022	<u>1 539 407 928</u>	<u>130 301 126</u>	<u>7 923 116</u>	<u>191 099 992</u>	<u>7 012 147</u>	<u>26 546 470</u>	<u>6 872 064</u>	<u>76 358 825</u>	<u>1 985 521 668</u>
Fully depreciated assets and still working	<u>--</u>	<u>51 425 006</u>	<u>11 162 114</u>	<u>751 693 385</u>	<u>47 107 548</u>	<u>143 495 209</u>	<u>30 962 929</u>	<u>--</u>	<u>1 035 846 191</u>

- The Land and Buildings include properties at a cost of EGP 1.8 million and EGP 6.5 million respectively which were purchased by the holding company with an unregistered initial contract.
- The right of use assets category is represented in the present value of right of use assets arisen from lease contracts for a number of outlets in different governorates in Egypt. That are formed by Lecico For Trading and Distribution of ceramics "one of the subsidiaries. In addition to lease contracts formed by subsidiaries in United Kingdom and South Africa.

Depreciation expense has been charged as follow:

	31/12/2023 EGP	31/12/2022 EGP
Cost of sales	85 135 540	90 151 931
General and administrative expense	28 369 728	16 627 928
Selling and distribution expense	2 225 991	2 693 833
	<u>115 731 259</u>	<u>109 473 692</u>

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024

According to International Financial Reporting Standard (IFRS)

Property, plant and equipment (continued)

The Group company's management decided to adopt the revaluation model as per International Accounting Standard No. 16 "Property, Plant & Equipment" in respect to the land owned by the holding company and its subsidiaries, Note No. (38-10):

During period 2022 the lands of the group have been revaluated because of the decrease of their fair value and this resulted in increase in land values in the amount of EGP 414 067 348 which is recognized in comprehensive income statement and consolidated equity reserves and non-controlling interest.

The group uses valuation reports from the independent valuation expert appointed by management to assess the Fair Value of the group lands. The valuation expert relied on the "Sales comparison method" which depends on recent sales transactions for similar lands.

16- Projects under construction

	March 31, 2024 EGP	December 31, 2023 EGP
Machinery and buildings under installation*	52 875 580	25 896 318
Advance payments for acquisition of property, plant and equipment**	43 623 635	21 081 570
	<u>96 499 215</u>	<u>46 977 888</u>

* Machinery and buildings under installation represents the value of improvements in the production capacity of machines, equipment and buildings of the sanitary, tiles and frite factors in the group companies.

**it represents the value of purchasing new office in 5th district in cairo.

As showing project under construction movement:

	March 31, 2024 EGP	December 31, 2023 EGP
Balance at the beg. Of the year	46 977 888	12 066 529
Addition during the year	55 074 124	55 148 058
Transferred to fixed asset	(5 552 797)	(20 236 699)
Balance at the end of the year	<u>96 499 215</u>	<u>46 977 888</u>

17- Intangible Assets

The amount is represented in the value of the costs of developing computer programs indicated as follows:

	March 31, 2024 EGP	December 31, 2023 EGP
Cost		
As at the first of January	77 862 109	59 551 694
Translation differences	32 279 104	14 352 863
Additions	210 867	3 957 552
At the end of the period / year	<u>110 352 080</u>	<u>77 862 109</u>
<u>Amortization & Impairment Losses</u>		
Balance at the first of January	61 992 955	48 633 532
Translation differences	24 328 127	10 905 094
Amortization of period / year	655 989	2 454 329
Balance as at the end of the period / year	<u>86 977 071</u>	<u>61 992 955</u>
Carrying Amount at the end of the period / year	<u>23 375 009</u>	<u>15 869 154</u>

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024

According to International Financial Reporting Standard (IFRS)

18- Equity-Accounted investees

	Ownership %	March 31, 2024 EGP	December 31, 2023 EGP
Murex Industries and Trading (S.A.L.)	20%	6 924 716	6 924 716
Other Investments		120 712	120 712
		7 045 428	7 045 428
(Less):-			
Impairment of investment		(7 024 616)	(7 024 616)
		20 812	20 812

- Investment at Murex industries and trading (S.A.L) has been fully impaired.

19- Long term notes receivables

	March 31, 2024 EGP	December 31, 2023 EGP
Nominal value of long-term notes receivables	500 000	500 000
Discounting notes receivables to its present value*	(154 514)	(144 643)
Present value of long term notes receivables	345 486	355 357

* The long term notes receivables are discounted to its present value using the effective interest rate.

20- Inventories

	March 31, 2024 EGP	December 31, 2023 EGP
Raw materials, consumables and spare parts	687 601 884	649 622 248
Work in progress	123 343 684	90 803 638
Finished goods	1 131 870 417	921 315 480
	1 942 815 985	1 661 741 366
Less:		
Inventory impairment	(220 940 716)	(131 618 734)
	1 721 875 269	1 530 122 632
Goods In transit	99 695 428	66 844 475
	1 821 570 697	1 596 967 107

The movement of the impairment in inventory during the period is as follows:

	Balance as at 1/1/2024 EGP	Translation Differences EGP	Formed during the period EGP	Balance as 31/3/2024 EGP
Inventory impairment	131 618 734	69 363 322	19 958 660	220 940 716
	131 618 734	69 363 322	19 958 660	220 940 716

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024

According to International Financial Reporting Standard (IFRS)

21- Trade and other receivables

	Note No.	March 31, 2024 EGP	December 31, 2023 EGP
Trade Receivables		1 085 660 878	880 971 058
Notes Receivables		83 168 049	104 189 590
Other Debtors		46 666 574	43 924 596
Social insurance		939 737	939 737
Suppliers – debit balances		4 424 263	276 029
Due from related parties – net	(33-1)	438 326	1 023 185
Tax authority – withholding tax		23 294	23 294
Tax authority – VAT		150 889 086	143 097 237
Other debit balances		149 190 831	112 073 779
Prepaid expenses		48 264 141	16 445 177
		1 569 665 179	1 302 963 682
Less:			
Expected credit loss in trade and other Receivables		(130 987 507)	(123 177 540)
		1 438 677 672	1 179 786 142

The movement of the expected credit loss in trade and other receivables during the period is as follows:

	Balance as at 1/1/2024 EGP	Translation Differences EGP	Formed Provisions During the period EGP	Reversed loss during the period	Balance as at 31/3/2024 EGP
Expected credit loss in trade and other receivables	123 177 540	4 480 477	7 739 502	(4 410 012)	130 987 507
	123 177 540	4 480 477	7 739 502	(4 410 012)	130 987 507

22- Cash and cash equivalent

	March 31, 2024 EGP	December 31, 2023 EGP
Banks - Current Accounts	693 011 586	440 120 984
Cash on hand	29 088 910	16 148 521
Banks-Time-deposit	472 200	--
	722 572 696	456 269 505
Less:		
Banks-Time-deposit	(472 200)	--
Cash and cash equivalent for the purpose of preparing the consolidated cash flows statement	722 100 496	456 269 505

Lecico Egypt (S.A.E.)

Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024

According to International Financial Reporting Standard (IFRS)

**23- Banks overdraft and credit facilities and mudarbah
23-1 credit facilities and mudarbah**

	Total facilities EGP	March 31, 2024	
		Utilized EGP	Unutilized EGP
Lecico Egypt S.A.E	965 000 000	549 065 104	415 934 896
Lecico for Ceramics S.A.E	496 100 000	127 662 606	368 437 394
European Ceramics S.A.E	492 750 000	131 346 181	361 403 819
International Ceramics S.A.E	467 750 000	155 478 671	312 271 329
Burg Armaturen Fabrik S.A.E	183 000 000	82 708 769	100 291 231
Lecico for trading and distribution of ceramics	15 000 000	12 847 000	2 153 000
UK group	193 732 500	139 423 997	54 308 503
The Lebanese ceramics industries (S.A.L)	80 274 000	--	80 274 000
Net book value on March 31, 2024	2 893 606 500	1 198 532 328	1 695 074 172

	Total facilities EGP	December 31, 2023	
		Utilized EGP	Unutilized EGP
Lecico Egypt S.A.E	1 015 500 000	642 279 920	373 220 080
Lecico for Ceramics S.A.E	350 000 000	208 864 524	141 135 476
European Ceramics S.A.E	280 000 000	197 501 490	82 498 510
International Ceramics S.A.E	300 000 000	212 681 664	87 318 336
Burg Armaturen Fabrik S.A.E	183 000 000	61 532 517	121 467 483
Lecico for trading and distribution of ceramics	15 000 000	13 482 000	1 518 000
UK group	127 822 500	51 141 133	76 681 367
The Lebanese ceramics industries (S.A.L)	52 513 000	--	52 513 000
Net book value on December 31,2023	2 323 835 500	1 387 483 248	936 352 252

24- Share capital**24-1 Authorized capital**

The authorized capital of lecico Egypt was determined to be EGP 500 million distributed over 100 million shares with nominal value of EGP 5 per share.

24-2 Issued and paid up capital

The issued and paid up capital was determined by an amount of EGP 400 million, distributed over 80 million nominal cash share. The nominal value of each share of EGP 5 is fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company share holders. All shares rank equally with regards to the holding Company's residual assets.

Investor

	Percentage %	Number of shares	Balance EGP
Intag Holding Limited and its related group	45.5	34 907 903	182 000 000
AL OAYAN SAUDI investment company	19.5	15 278 385	76 391 925
Others	35	29 813 712	141 608 075
	100	80 000 000	400 000 000

Lecico Egypt (S.A.E.)**Notes to the Consolidated interim Financial Statements for the financial period ended March 31, 2024****According to International Financial Reporting Standard (IFRS)****24-3 Treasury shares**

on April 2 2023, the holding company purchased 3,200,000 shares of the company's shares at a price of 7.9 pounds per share through the capital market in the period from March 22, 2023, to March 28, 2023, which represents 4% of the company's capital based on the Board of Directors' decision on March 18, 2023 regarding the purchase of treasury shares in support of the share price in the market.

General Assembly meeting held on December 4, 2023 decided to approve the distribution of all previously purchased treasury shares to the company's shareholders as stock dividends, as a percentage of one share to 24 share and the distribution done by January 12, 2024 .

24-4 Non controlling interests

Non-controlling interests balance at March 31, 2024, represents the interest shares in subsidiaries' equity as follows:

<u>Company</u>	<u>Non-controlling interest</u>				
	<u>Percentage</u>	<u>Profit/loss for the period</u>	<u>Foreign currency</u>	<u>Balance as of</u>	<u>Balance as of</u>
	<u>%</u>	<u>EGP</u>	<u>EGP</u>	<u>31/3/2024</u>	<u>31/12/2023</u>
				<u>EGP</u>	<u>EGP</u>
Lecico for ceramics	0.0045	1 964	--	44 739	42 775
International ceramics	0.03	2 318	--	190 991	188 673
European ceramics	0.03	(12 317)	--	210 709	223 026
Burg armaturen Fabric	30.15	8 241 490	--	66 976 329	58 734 839
Sarreguemines	0.15	2 253	--	65 328	63 095
Lecico for financial investments	0.667	(111)	--	20 627	20 738
Lebanese ceramics industries co.	5.23	(895 721)	729 981	(4 850 974)	(4 685 234)
Lecico South Africa	49	1 648 743	9 395 964	31 495 383	21 678 857
Lecico CEE	9	(130 089)	(1 098 092)		
		<u>8 858 530</u>	<u>9 027 853</u>	<u>94 153 152</u>	<u>76 266 769</u>

As follow Summary of financial statements of burg armaturen fabric, Lecico (UK) Ltd and Lebanese ceramics industries co. as at March 31, 2024

	<u>Burg armaturen Fabric</u>	<u>Lecico (UK) Ltd</u>	<u>Lebanese ceramics industries co.</u>
	<u>EGP</u>	<u>EGP</u>	<u>EGP</u>
	<u>(Reviewed)</u>	<u>(Reviewed)</u>	<u>(Unreviewed)</u>
Non current assets	27 690 736	186 475 329	459 034 795
Current assets	365 129 858	582 661 610	121 044 435
Total assets	392 820 594	769 136 939	580 079 230
Equity	221 944 704	216 140 957	413 777 220
Current liabilities	168 376 158	441 604 469	161 536 043
Non current liabilities	2 499 732	111 391 513	4 765 967
Total equity and liabilities	392 820 594	769 136 939	580 079 230
Total sales	111 379 842	264 349 706	15 351 042
Net profit /(loss) of the period	29 742 179	3 308 283	(17 010 337)

Lecico Egypt (S.A.E.)
Consolidated interim Financial Statements Notes for the financial period ended March 31, 2024
According to International Financial Reporting Standard (IFRS)

25- Reserves

	Legal Reserve EGP	Other* Reserves EGP	Share premium Reserve EGP	Reserve for Land Revaluation Surplus ** EGP	Translation Reserve EGP	Total EGP
Balance at January 1, 2023	50 915 481	15 571 032	181 164 374	1 375 869 235	190 367 006	1 813 887 128
Translation differences for foreign entities	--	--	--	--	(78 461 505)	(78 461 505)
Balance at December 31, 2023	<u>50 915 481</u>	<u>15 571 032</u>	<u>181 164 374</u>	<u>1 375 869 235</u>	<u>111 905 501</u>	<u>1 735 425 623</u>
Balance at January 1, 2024	50 915 481	15 571 032	181 164 374	1 375 869 235	111 905 501	1 735 425 623
Translation differences for foreign entities	--	--	--	--	83 056 178	83 056 178
Balance at March 31, 2024	<u>50 915 481</u>	<u>15 571 032</u>	<u>181 164 374</u>	<u>1 375 869 235</u>	<u>194 961 679</u>	<u>1 818 481 801</u>

* Other reserves include the holding Company's share of the premium (LE 9.9 Million) received by Lecico for Ceramics Industries (subsidiary) for admitting a new shareholder through an increase in capital, such amount is not distributable according to local laws and regulations.

** Land revaluation surplus is represented in the adjusted value of the holding Company's land in Khorshid and Abou-Quir that was revalued to reflect its fair value at the date of revaluation in the period 1997. The revaluation result was included in the revaluation surplus in the shareholders' equity and is not distributable or transferable to capital.

** During 2022, Lecico Egypt revaluated the group's lands at the amount of 414 067 348 by independent experts to reflect their fair-value, and the share of holding company amounted to EGP 408 078 958. (Note 15)

Lecico Egypt (S.A.E.)**Note to the Consolidated interim Financial Statements for the financial period ended September 30, 2023
According to International Financial Reporting Standard (IFRS)****26- Legal Reserve**

According to the companies' law and the company's statutes the company is required to set aside 5% of the annual net profit to form a legal reserve. The transfer to legal reserve ceases once the reserve reaches 20% of the issued share capital based on company's statutes. The reserve is undistributable, however, it can be used to increase the share capital or offset losses. If the reserve falls below the defined level (20% of the issued share capital (then the company is required to resume setting aside 5% of the annual profit until it reaches 20% of the issued share capital).

27- Loans and borrowings

	31 March 2024					
	Balance on January 1, 2024 EGP	Repayments of loan during the period EGP	Foreign currency Translation differences EGP	Balance on March 31, 2024 EGP	Instalments due within one period EGP	Balance of long term loans at March 31, 2024 EGP
The outstanding balance of loan granted from the CIB to the holding company amounted to USD 2.7 million with variable interest rate 4%. Above libor rate The loan will be repaid over 18 quarterly consecutive installments each amounting USD 300 000 starting from September 2019 till March 2024.	9 267 000	(9 267 000)	--	--	--	--
The Outstanding balance of loan granted from HSBC Bank for Lecico - UK (Lecico plc) with an amount of GBP 100 thousand and will be paid over 60 monthaly installments each installment with an amount of GBP 1786.92 the variable interest rate is equal 2.62% starting from April 2020 till March 2025.	1 056 343	(206 877)	438 110	1 287 576	(1 287 576)	--
Balance on March 31, 2024	10 323 343	(9 473 877)	438 110	1 287 576	(1 287 576)	--
	31 December 2023					
	Balance on January 1, 2023 EGP	Repayments of loan during the period EGP	Foreign currency Translation differences EGP	Balance on December 31, 2023 EGP	Instalments due within one period EGP	Balance of long term loans at December 31, 2023 EGP
The outstanding balance of loan granted from the CIB to the holding company amounted to USD 2.7 million with variable interest rate 4%. Above libor rate The loan will be repaid over 18 quarterly consecutive installments each amounting USD 300 000 starting from September 2019 till March 2024.	37 110 000	(36 897 000)	9 054 000	9 267 000	(9 267 000)	--
The Outstanding balance of loan granted from HSBC Bank for Lecico - UK (Lecico plc) with an amount of GBP 100 thousand and will be paid over 60 monthaly installments each installment with an amount of GBP 1786.92 the variable interest rate is equal 2.62% starting from April 2020 till March 2025.	1 469 605	(847 532)	434 270	1 056 343	(891 729)	164 614
Balance on December 31, 2023	38 579 605	(37 744 532)	9 488 270	10 323 343	(10 158 729)	164 614

Lecico Egypt (S.A.E.)
Note to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standard (IFRS)

28- Lease liability

28-1 Lease liability movement

	March 31, 2024 <u>EGP</u>	December 31, 2023 <u>EGP</u>
Present value of liabilities arisen from lease contracts	153 537 356	108 779 664
<u>Less :</u>		
Installments due within one year	<u>(36 114 885)</u>	<u>(23 801 960)</u>
Non current portion of lease liability	<u>117 422 471</u>	<u>84 977 704</u>

Lease liabilities

Opening balance	108 779 664	87 948 453
Additions during the period	2 031 893	18 117 454
Disposals during the period	--	(889 534)
<u>Add/(deduct)</u>		
Finance interest	1 334 200	5 051 997
Payments during the period(principle)	(5 916 483)	(20 961 125)
Payments during the period(interest)	(1 334 200)	(5 051 997)
Foreign currency exchange differences	48 642 282	24 564 416
Lease liability ending balances	<u>153 537 356</u>	<u>108 779 664</u>
<u>Deduct</u>		
Current portion of lease liabilities represented in due installments during the next financial period	<u>(36 114 885)</u>	<u>(23 801 960)</u>
Non-current portion of lease liabilities	<u>117 422 471</u>	<u>84 977 704</u>

28-2 Summary of due dates

lease payments due during the following periods:

	<u>Due within one period EGP</u>	<u>From 2-3 periods EGP</u>	<u>From 4-5 periods EGP</u>	<u>More than 5 periods EGP</u>	<u>Total EGP</u>
<u>March 31,2024</u>	39 359 986	60 428 680	59 211 601	--	159 000 268
<u>December 31,2023</u>	26 946 876	42 138 332	31 098 686	10 034 312	110 218 206

The company measured lease liability by discounting lease payment by using incremental borrowing rate, discounting the minimum future lease payment, by using effective interest rate of 4.8% annually to its present value being the company's incremental borrowing rate.

Lecico Egypt (S.A.E.)
Note to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standard (IFRS)

29- Provisions

	Balance as of 1/1/2024 <u>EGP</u>	Translation Differences <u>EGP</u>	Formed Provisions <u>EGP</u>	Provisions Utilized <u>EGP</u>	Balance as of 31/3/2024 <u>EGP</u>
<u>Provisions Disclosed in the Non-Current Liabilities</u>					
Provision claims	14 420 148	1 648 205	900 000	--	16 968 353
	<u>14 420 148</u>	<u>1 648 205</u>	<u>900 000</u>	<u>--</u>	<u>16 968 353</u>
<u>Provision Disclosed in the Current Liabilities</u>					
Contingent Losses and Claims Provision	108 068 490	--	13 453 600	(2 029 097)	119 492 993
	<u>108 068 490</u>	<u>--</u>	<u>13 453 600</u>	<u>(2 029 097)</u>	<u>119 492 993</u>
Total	<u>122 488 638</u>	<u>1 648 205</u>	<u>14 353 600</u>	<u>(2 029 097)</u>	<u>136 461 346</u>

The provision is formed for existing claims related to the Company's transactions with other parties. The Company's management reviews the provisions periodically and makes any external amendments if needed according to the latest agreements and negotiations with those parties.

- The Company did not disclose all of the information required by the accounting standards with those parties as the management assumes that the disclosure of such information would seriously affect the company's negotiations with those parties.

30- Non-cash transactions

For the purposes of preparing the consolidated statement of cash flows, the following have been excluded from the values of assets and liabilities that don't represent a change in cash as follows a statement of the non-cash transactions referred to above:

	Note No.	31/3/2024 <u>EGP</u>	31/12/2023 <u>EGP</u>
Right of use assets	(15)	2 031 893	18 117 454
Lease liabilities	(28)	(2 031 893)	(18 117 454)

31- Notes payables

31-1 Notes payable related to gas used

	March 31, 2024 <u>EGP</u>	December 31, 2023 <u>EGP</u>
Nominal value of long-term notes payable	458 011 152	424 570 012
Discount on notes payable to its present value*	(178 543 080)	(135 634 514)
Present value of long term notes payables	<u>279 468 072</u>	<u>288 935 498</u>

31-2 Notes payable for gas debt settlement

	90 079 888	79 959 474
Nominal value of long-term notes payables	90 079 888	79 959 474
Discount on notes payable to its present value	(32 511 341)	(33 685 018)
Present value of long term notes payables	<u>57 568 547</u>	<u>46 274 456</u>
Total long-term notes payables	<u>337 036 619</u>	<u>335 209 954</u>

- * The discounting of long -term notes payable is computed using the effective interest rate of the holding company.

Lecico Egypt (S.A.E.)
Note to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standard (IFRS)

32- Trade and other payables

	Note No.	March 31, 2024 EGP	December 31, 2023 EGP
Trade payable		607 878 362	428 607 928
Notes payable		107 374 216	71 861 864
Due to related parties	(33-2)	1 383 082	861 991
Social insurance authority and tax authority		24 450 035	22 773 512
Accrued expenses		178 527 301	151 198 954
Deposits with others		24 701	24 701
Sundry creditors		240 341 332	177 167 001
Value added tax authority – current account		34 804 502	31 595 563
Dividends payable		389 929	389 929
Employees' Profit share from certain group companies		73 914 461	69 788 461
		<u>1 269 087 921</u>	<u>954 269 904</u>

33- Related Parties

Related parties consist of shareholders, key management personnel, directors and companies that are directly or indirectly controlled or affected by shareholders, directors or key management personnel.

In the ordinary course of business the group deals with different related parties.

Transactions are entered with related parties in accordance to the terms and conditions approved by group's management or its board of directors.

33-1 Due from related parties

	Natural relationship	Nature of transaction	March 31, 2024 EGP	December 31, 2023 EGP
<u>Due from Related Parties</u>				
Murex Industries and Trading (S.A.L)	Associate	sales	438 326	1 023 185
			<u>438 326</u>	<u>1 023 185</u>
El-Khaleeg for Trading and Investment	Associate	Current	300 100	300 100
Total due from related parties			<u>738 426</u>	<u>1 323 285</u>
<u>Less:</u>				
Impairment for balance of "El-Khaleeg for Trading and Investment"			(300 100)	(300 100)
Net due from related parties			<u>438 326</u>	<u>1 023 185</u>

33-2 Due to Related Parties

Ceramics Management services Ltd (CMS)*	Technical consulting	1 383 082	861 991
		<u>1 383 082</u>	<u>861 991</u>

* Some members of the board of directors and shareholders of the holding company are investors in the company.

Lecico Egypt (S.A.E.)

**Note to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standard (IFRS)**

33-3 Transactions with members of the Board of Directors of the Holding Company:

The statement of consolidated profit or loss for the financial period ending March 31, 2024, was charged with the allowances of the members of the board of directors of the holding company and executive managers included in "other expenses", in the amount of EGP 2 459 668 (Compared to the amount of EGP 1 989 988 ,for the financial period ending on March 31, 2023,) Note no. (11).

34- Contingent Liabilities

The contingent liabilities represent the value of the letters of guarantee and letters of credit issued by the holding company and subsidiaries' banks in favor of others existing at the end of the period stated as follows:

	March 31,	December 31,
	<u>2024</u>	<u>2023</u>
<u>Letters of guarantee</u>		
EGP	26 471 868	28 868 540
EURO	4 000 000	4 000 000
<u>Letters of Credit</u>		
EGP	March 31,	December 31,
	<u>2024</u>	<u>2023</u>
	47 847 755	46 072 832

35- Capital Commitment

The capital commitments outstanding as at March 31, 2024 amounted to EGP 18 579 128 (compared to capital commitments as at December 31, 2023 amounted to EGP 20 463 351).

36- Financial Instruments

This illustration provides information on the Company's financial instruments, including:

- An overview of all financial instruments held by the company
- Specific information on each type of financial instrument
- Information on determining the fair value of instruments, including uncertain judgments and estimates

The Company's main financial instruments include term deposits and financial investments in financial assets at fair value through profits or losses. The main purpose of these financial instruments is to increase financing for the company's operations. The company has many other financial instruments such as customers and suppliers that arise directly from operations

The main risks arising from the Company's operations are foreign exchange risk and credit risk.

Financial Assets

All financial assets owned by a company are measured at amortized cost using the effective interest rate method and as a result book values are a reasonable approximation of fair value, except for financial investments measured at fair value.

Lecico Egypt (S.A.E.)
Note to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standard (IFRS)

Financial liabilities

All financial liabilities owned by the company are measured at amortized cost using the effective interest rate method and as a result the book amounts are a reasonable approximation of fair value.

		March 31, <u>2024</u> <u>EGP</u>	December 31, <u>2023</u> <u>EGP</u>
<u>Financial Assets</u>			
<u>With amortization cost</u>			
Banks current accounts and time deposits	(22)	693 483 786	440 120 984
Trade and Notes receivables and other debit balances	(21)	1 364 686 332	1 141 159 023
Due from related parties	(21),(33)	438 326	1 023 185
		<u>2 058 608 444</u>	<u>1 582 303 192</u>
<u>Financial liabilities</u>			
Trade and Notes payables and other credit balances	(32)	1 208 450 302	899 038 838
Lease liabilities	(28)	153 537 356	108 779 664
Credit facilities	(23)	1 198 532 328	1 387 483 248
Loans	(27)	1 287 576	10 323 343
Due to related parties	(33)	1 383 082	861 991
		<u>2 563 190 644</u>	<u>2 406 487 084</u>

All assets and financial liabilities are classified and measured at amortized cost, and the fair value of all financial instruments does not differ materially from their book value.

For the purpose of disclosure of financial instruments, non-financial assets amounting to EGP 204 540 521 (December 31, 2023: EGP 160 781 474) have been excluded from other debit balances it was also excluded non financial liabilities amount EGP 59 254 537 December 31, 2023: 54 369 075) have been excluded from other debit balances.

36-1 Financial Risk Management

Company is exposed to the following risks from its use of financial instruments:

- A. Credit risk
- B. Liquidity risk
- C. Market risk
- D. Currency risk
- E. Interest rate risk
- F. Other market price risk

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

The Board of Directors of the Parent Company has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board also identifies and analyzes the risks faced by the Company, sets appropriate risk limits and controls, and monitors risks and adherence to limits.

The Company aims to develop a disciplined and constructive control environment through which all employees understand their roles and obligations.

Lecico Egypt (S.A.E.)

**Note to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standard (IFRS)**

A- Credit Risk

The Company is exposed to credit risk as a result of the counterparty's failure to fulfill its contractual obligations when due, in respect of the following:

- Trade receivables
- Debtors and other debit balances
- Due from related parties

Credit risk is the risk that a company will suffer financial loss as a result of the failure of the client or counterparty of a financial instrument to fulfill its contractual obligations, arising mainly from customers. The book value of financial assets represents the maximum credit risk.

The company's exposure to credit risk is mainly influenced by the individual characteristics of each client. However, management also takes into account factors that may affect the credit risk of its customer base, including the risk of default associated with the industry and the sector in which customers operate.

For clients, the company has established a credit policy according to which each new client is individually analyzed according to solvency before submitting the entity's standard payment and delivery terms and conditions, and includes a review of financial statements, information about the business and in some cases bank references. Each customer is assigned a credit limit and reviewed periodically.

When monitoring customer credit risk, clients are grouped according to their credit characteristics, history of dealing with the company and the presence of previous financial difficulties.

B- Liquidity risk

Liquidity risk is the risk that the company will not fulfill its obligations according to the contractual term with third parties. The Company's approach to liquidity management is to ensure - whenever possible - that it has sufficient liquidity to meet its obligations on their maturity date in normal and critical circumstances without incurring unacceptable losses or damaging the Company's reputation.

The ultimate responsibility for liquidity risk management lies with senior management who have developed an appropriate liquidity risk management framework to manage the Company's short, medium and long-term funding and manage liquidity requirements.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities, and standby borrowing facilities, by continuously monitoring expected and actual cash flows, and by matching asset maturity dates and financial obligations.

Management forecasts cash flows and monitors successive forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet its operational needs while always maintaining sufficient amount of committed and undrawn credit facilities so that the Company does not violate borrowing limits or undertakings (if any) on any of its borrowing facilities. This forecast considers the company's debt financing plans and compliance with internal rate targets.

Lecico Egypt (S.A.E.)
Note to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standard (IFRS)

C- Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments.

The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

D- Foreign currency risk

Foreign currency risk is the risk that the value of a financial instrument will fluctuate due to a change in the foreign exchange rates.

The Company is exposed to foreign currency risk on purchases from foreign suppliers and loans denominated in foreign currency. The currencies giving rise to this risk are primarily US Dollar, Euro, Sterling Pound and South African Rand. The following table displays the impact of an acceptable possible change in the exchange rates of the US dollar, the euro, the British pound and the South African rand. With all other variables remaining constant, the impact on the company's profits before taxation is due to changes in the value of monetary assets and liabilities. Changes in the exchange rates of all other foreign currencies are considered immaterial.

E- Interest rate risk

The Company adopts a policy to limit the Company's exposure to interest risk, therefore the Company's management evaluates the available alternatives for finance and negotiates with banks to obtain the best available interest rates and credit conditions. Borrowing contracts are presented to the Board of Directors. The finance position and finance cost are periodically evaluated by the Company's management. The Company does not enter into hedging contracts for interest rates.

F- Other market price risk

Equity price risk arises from available-for-sale equity securities and the management of the Company monitors the mix of equity securities in its investment portfolio based on market indices and the objective valuation of the financial statements related to these shares.

Material investments within the portfolio are managed on an individual basis and all buying and sell decisions are approved by the Company' Board of Directors.

The primary goal of the Company's investment strategy is to maximize investment returns. Management is assisted by external advisors in this regard.

In accordance with this strategy certain investments are designated as held for trading because their performance is actively monitored, and they are managed on a fair value basis.

Lecico Egypt (S.A.E.)
Note to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standard (IFRS)

Exposure to Credit risk

The carrying amount of financial assets represents the maximum exposure to credit risk as follows:

	Note No.	31/3/2024 EGP	31/12/2023 EGP
Banks current accounts and time deposits	(22)	693 483 786	440 120 984
Trade and Notes receivables and other debit balances	(21)	1 364 686 332	1 141 159 023
Due from related parties	(21),(33)	438 326	1 023 185
		2 058 608 444	1 582 303 192

Exposure to Liquidity risk

The following are the contractual terms of financial liabilities:

Contractual maturities of financial liabilities as of March 31, 2024	Less than 1 period EGP	2- 3 Periods EGP	3-4 periods or more EGP	Carrying amount EGP
Trade and other credit balances	1 102 459 168	--	--	1 102 459 168
Banks credit facilities and loans	1 199 853 638	--	--	1 199 819 904
Notes payables	107 374 216	548 091 040	--	444 410 835
Lease liabilities	39 359 986	60 428 680	59 211 601	153 537 356
Total	2 449 047 008	608 519 720	59 211 601	2 900 227 263

Contractual maturities of financial liabilities as of December 31, 2023	Less than 1 period EGP	2- 3 Periods EGP	3-4 periods or more EGP	Carrying amount EGP
Trade and other credit balances	828 038 917	--	--	828 038 917
Banks credit facilities and loans	1 421 443 937	164 614	--	1 421 608 551
Notes payables	71 861 864	335 209 954	--	407 071 818
Lease liabilities	23 802 404	41 176 541	43 800 719	108 779 664
Total	2 348 293 594	376 551 109	43 800 719	2 765 498 950

Lecico Egypt (S.A.E.)**Note to the Consolidated interim Financial Statements for the financial period ended March 31, 2024
According to International Financial Reporting Standard (IFRS)****Exposure to currency risk**

The company is exposed to the risk of foreign currency when purchasing from suppliers abroad in foreign currency. The main currencies that lead to this risk are the US dollar, the euro and the GBP sterling. The Company's foreign currency assets and liabilities as of March 31, 2024 amounted to the equivalent of EGP 1 528 910 597 and EGP 817 242 526 respectively. The amounts in foreign currencies that put the company at risk as of March 31, 2024 are as follows:

	<u>December 31,2024</u>	<u>December 31,2023</u>
	<u>Surplus</u>	<u>Surplus</u>
USD	3 543 735	3 431 137
Euro	7 237 132	5 468 974
GBP	2 777 501	1 967 577
South African Rand	3 940 020	10 528 658

As follow exchange rates used during the period/year

	<u>Averaging rates using</u>		<u>Closing rates at date of</u>	
	<u>during the period</u>		<u>financial statements</u>	
	<u>31/3/2024</u>	<u>31/12/2023</u>	<u>31/3/2024</u>	<u>31/12/2023</u>
USD	30.89	30.30	47.22	30.89
Euro	33.69	32.73	50.97	34.10
GBP	39.2	37.93	59.61	39.33
South African Rand	1.65	1.65	2.51	1.69

Sensitivity Analysis

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound As of March 31, 2024, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	<u>Profit or Loss</u>	
	<u>Increase</u>	<u>Decrease</u>
US Dollar	8 366 757	(8 366 757)
Euro	18 443 832	(18 443 832)
Sterling Pound	8 278 342	(8 278 342)
Rand (South Africa)	494 473	(494 473)

A reasonably possible strengthening (weakening) of 5% other currencies exchange rate against Egyptian pound as of December 31, 2023, would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

	<u>Profit or Loss</u>	
	<u>Increase</u>	<u>Decrease</u>
US Dollar	5 299 391	(5 299 391)
Euro	9 324 601	(9 324 601)
Sterling Pound	3 869 240	(3 869 240)
Rand (South Africa)	889 672	(889 672)

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Interest rate risk

At the date of separate financial statements, the interest rate profile of the Company's financial instruments was as follows: -

	<u>Carrying amount</u>	
	<u>31/3/2024</u>	<u>31/12/2023</u>
<u>Financial instruments with a fixed rate</u>	<u>EGP</u>	<u>EGP</u>
Financial assets	817 686	355 357
Financial liabilities	153 537 356	108 779 664
	<u>154 355 042</u>	<u>109 135 021</u>
<u>Financial instruments with a variable rate</u>		
Financial liabilities	1 199 819 904	1 397 806 591
	<u>1 199 819 904</u>	<u>1 397 806 591</u>

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. The Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the separate financial statements date would not affect the statement of profit or loss.

Assessment of expected credit losses

The Company customizes each credit risk exposure based on a variety of data that is identified as loss risk statements based on forecasting and expertly applying credit judgment. Credit risk scores are defined using qualitative and quantitative factors that indicate the risk of loss. Exposure risk for each credit risk category is classified by sector according to industry classification and customer classification and the expected credit loss rate for each sector is calculated based on the status of late payment and actual credit loss experience.

These rates are multiplied by gradient factors to reflect the differences between economic conditions during the period in which historical data was collected, current conditions, and the company's view of economic conditions over the expected lifespan of customer balances. The company uses an impairment matrix to measure customers' and notes receivables expected credit losses.

The following table provides information on exposure to credit risk and credit losses from customers, debtors and other debit balances:

	<u>Expected credit loss rate</u>	<u>March 31, 2024</u>		<u>December 31, 2023</u>		
		<u>Net book value EGP</u>	<u>Loss amount EGP</u>	<u>Expected credit loss rate</u>	<u>Net book value EGP</u>	<u>Loss amount EGP</u>
<u>Trade and notes receivables</u>						
Current (not past due)	--	911 563 528	--	--	74 698 850	--
0-90 days past due	20%	136 923 027	26 958 868	28%	110 565 701	31 135 357
91-180 days past due	31%	10 628 865	3 318 358	24%	5 557 400	1 332 390
181-270 days past due	12%	6 087 876	743 500	33%	1 988 161	662 777
271-360 days past due	9%	4 016 856	358 006	68%	7 294 679	4 991 159
More than 360 days past due	100%	99 608 775	99 608 775	100%	85 055 857	85 055 857
Total		<u>1 264 828 927</u>	<u>130 987 507</u>		<u>985 160 648</u>	<u>123 177 540</u>

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<u>Category</u>	<u>Company's definition of category</u>	<u>Basis for recognition of expected credit loss provision</u>
Performing	Other receivables have a low risk of default and a strong capacity to meet contractual cash flows.	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Underperforming	Other receivables which have a significant increase in credit risk: a significant increase in credit risk is presumed if repayments are 90 days past due.	Lifetime expected losses.
Non-performing	Repayments are 120 days past due.	Lifetime expected losses.
Provision	Repayments are 360 days past due and there is no reasonable expectation of recovery.	Asset is written off

Fair Value of Financial Instruments

- The fair values of the Company's financial instruments have been estimated to approximate their book value because the financial instruments are short-term in nature and do not carry any interest, except for short-term deposits at prevailing market rates and are expected to be realized at their present book value within twelve months from the date of the financial position.
- "Fair value" is the price that will be received for the sale of an asset or paid for the transfer of an obligation in a structured transaction between market participants on the date of measurement in the asset or, in its absence, in the most advantageous market that the Company has access on that date. The fair value of liabilities reflects the risk of non-performance.
- A number of accounting policies and disclosures require a company to measure the fair values of both financial and non-financial assets and liabilities.
- The company has consistent practices regarding the measurement of fair values. Management is fully responsible for overseeing all significant fair value measurements, including the third fair value level.

Management regularly reviews significant unnoteworthy inputs and evaluation adjustments. If third party information is used, such as broker quotes or pricing services. To measure fair value, management evaluates evidence obtained from third parties to support the conclusion that these valuations meet the requirements of Egyptian Accounting Standards including the level in the fair value hierarchy at which these valuations should be classified.

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When measuring the fair value of an asset or liability, evaluators use market data that is as observable as possible. Fair values are classified into different levels in the fair value sequence based on the inputs used in valuation methods as follows:

Level I: Prices listed (unadjusted) in active markets for similar assets or liabilities

Level II: Inputs other than the prices listed are included in the first level and can be observed for the asset or liability either directly (e.g. prices) or indirectly (i.e. derived from prices)

Level III: Asset or liability inputs that are not based on observable market data (unobserved inputs)

If the inputs used to measure the fair value of an asset or liability fall at different levels of the fair value hierarchy, then the entire fair value measurement is classified at the same level of the fair value hierarchy as the lowest level of input as it is important for the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change occurred.

As of 30 September 2023, nominal values minus any estimated credit adjustments to assets and liabilities with a maturity of less than one period are expected to approximate their fair value. The fair values of non-current financial obligations are considered to be close to their book values because they carry interest rates, which are based on market interest rates.

Capital Management

For the purpose of managing the Company's capital, the capital includes the issued capital and all other equity reserves of the Company's shareholders. The company manages its own capital structure and makes adjustments to it in light of changes in working conditions as well as to meet future developments of activity. No changes were made in objectives, policies or operations during the period, and the Company is not subject to any external requirements imposed on its own capital.

37- Tax Status

According to the opinion of the company's tax administration the following is company's tax position as of March 31, 2024.

First: Corporate income tax

- The company has obtained a final settlement and paid all tax obligation from inception till 2012.
- The company's records were examined from 2013 till 2018 and the form has not been notified.
- The company's records were not examined from 2019 till now.

Second: Payroll tax

- The company's records were examined and all the tax obligations till 2018 were paid.
- The company's records were not examined from 2019 Till now.

Third: Stamp tax

- The company has obtained a final settlement and paid all tax obligation from inception till 2020.
- The company's records were not examined from 2021 Till now.

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Fourth: Sales tax \ Value added tax

- The company's records were inspected and all the tax obligations till 2020 were paid
- The company's records were not inspected from 2021 till now.

Fifth: Real state tax

- All tax obligations were paid till 2021.
- A temporary exemption for 3 periods from real estate tax for industrial corporates was released in January 2022

38- Material accounting policies

The Company has consistently applied the following accounting policies to all periods presented in these consolidated financial statements in addition to implementing the same accounting policies on all group companies consistently.

38-1 Basis of preparing consolidated financial statements

a. Business combination

The consolidated financial statements include assets, liabilities and results of operations of Lecico Egypt (Holding Company) and all subsidiary companies upon which it has significant control and this control is achieved directly or indirectly by the ability to control the financial & operational policies of subsidiary companies to obtain benefits from its operations, future voting rights in the ability of control are also taken into consideration, the subsidiary companies financial statements are included in the consolidated financial statements from the date of controlling the company to the date of losing this control, a subsidiary company is not included in the consolidated financial statements if the holding company loses its control over the financial & operational policies in the subsidiary and basis of preparation of the consolidated financial statements is represented in the following:

The Holding company investments in the subsidiary companies are excluded in exchange for addition of subsidiary company's assets and presenting non – controlling interest in the subsidiary companies alongside the owner's equity non – controlling interest item.

All intercompany balances and transactions are eliminated, unrealized profits or losses and resulted from group transactions are completely excluded taking into consideration that the losses may refer to impairment in the exchanged assets which may require recognition in the consolidated financial statements.

Presenting share of the non – controlling interest in the subsidiary company in a consolidated account within shareholders equity after shareholder equity and before liabilities in the consolidated financial position and minority interest is also presented in net income for the period after tax in a consolidated account before determining profit of the holding company in the consolidated profits or losses statement and it is calculated by what's equal to their share in the Book value of the net assets of the subsidiary company at the date of preparation of consolidated financial statements and the share of minority in profit and loss of subsidiary companies is recorded in a consolidated account in the consolidated profits or losses statement.

Subsidiary company is not included in the consolidated financial statements when the holding company loses its control over financial and operational policies of the subsidiary company for the purpose of benefiting from its operations.

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b. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

c. Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's identifiable net assets of the acquiree at the acquisition.

Changes in the Group's interest in its subsidiaries that do not result in a loss of control are accounted for as equity transactions.

d. Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities, and any related NCI and related other comprehensive income with recognition of any gains or loss resulted from loss of control in statement of profit or loss.

Any remaining investment in subsidiaries is recognized with fair value when control is lost.

e. Investments accounted for using the equity method

Investments that are accounted for using the equity method consists of shares in associates and joint ventures. These investments have no rights to the assets and obligations for the assets and liabilities associated with the arrangements.

Associates companies are the companies over which the group has significant influence to participate in the financial and operating policies decisions but not control or joint arrangement. A joint venture is a joint arrangement whereby the group has joint control and rights to the net assets associated with the arrangement.

Investments in associates and joint ventures are accounted for using the equity method, whereby the initial recognition is recognized at cost including the costs of transaction related to the acquisition. The subsequent measurement in the consolidated financial statement to increase or decrease the book value of the investment by the group shares in profit or losses and other comprehensive income of the investee.

f. Elimination from consolidation financial statements

Intra-group balances and transactions, and any unrealized gains and losses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investments are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, except if the transaction have an indicator for impairment in the transferred asset.

38-2 Foreign currency translation and financial statement for foreign subsidiaries

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the group at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined.

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Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognized in profit or loss.

Except, currency differences arising from translation are recognized in the other comprehensive income items:

- Available for sale in equity instruments (except for impairment in which currency differences are reclassified as other comprehensive income items into profit or losses).
- Financial liabilities that is classified as hedging instrument to hedge net investment in foreign operation risk if hedging coverage is effective.
- Hedging instruments used to risk cash flow as long as hedging is effective.

Financial statement for foreign operations

The assets and liabilities as well as goodwill and fair value adjustments arising on acquisition, are translated into functional currency (EGP) at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into functional currency (EGP) at the exchange rates at the dates of the transactions. Foreign currency differences are recognized in other comprehensive income "OCI" and accumulated in the translation reserve, except to the extent that the translation difference is allocated to non-controlling interest "NCI".

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

38-3 Revenue recognition

Information about the Company's accounting policies relating to contracts with customers is provided in five steps module as identified in IFRS No. (15):

Step 1: Determine the contract (contracts) with customer: A contract is defined as an agreement between two or more parties that meets the rights and obligations based on specified standards which must be met for each contract.

Step 2: Determine the performance obligations in contract: Performance obligations is a consideration when the goods and services are delivered.

Step 3: Determine the transaction price: Transaction price is the compensation amount that the Company expects to recognize to receive for the transfer of goods or services to customer, except for the collected amounts on behalf of other parties.

Step 4: Allocation of the transaction price of the performance obligations in the contract: If the service concession arrangement contains more than one performance obligation, the Company will allocate the transaction price on each performance obligation by an amount that specifies an amount against the contract in which the Company expects to receive in exchange for each performance obligation satisfaction.

Step 5: Revenue recognition when the entity satisfies its performance obligations.

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The Company satisfy the performance obligation and recognize revenue over time, if one of the following criteria is met:

- a) Company performance does not arise any asset that has an alternative use of the Company and the Company has an enforceable right to pay for completed performance until the date.
- b) The Company arise or improves a customer-controlled asset when the asset is arise or improved.
- c) The customer receives and consumes the benefits of Company performance at the same time as soon as the Company has performed.

For performance obligations, if one of the above conditions is met, revenue is recognized in the period in which the Company satisfies performance obligation.

When the Company satisfies performance obligation by providing the services promised, it creates an asset based on payment for the contract performance obtained, when the amount of the contract received from customer exceeds the amount of the revenue recognized, resulting advance payments from the customer (contractual obligation)

Revenue is recognized to the extent that is potential for the flow of economic benefits to the Company, revenue and costs can be measured reliably, where appropriate.

The application of IFRS No. (15) requires management to use the following judgements:

Satisfaction of performance obligation

- The Company should assess all contracts with customers to determine whether performance obligations are satisfied over a period of time or at a point in time in order to determine the appropriate method for revenue recognition. The Company estimated that, and based on the agreement with customers, the Company does not arise asset has alternative use to the Company and usually has an enforceable right to pay it for completed performance to the date.
- In these circumstances, the Company recognizes revenue over a period of time, and if that is not the case, revenue is recognized at a point in time for the sale of goods, and revenue is usually recognized at a point in time.

Determine the transaction price

- The Company has to determine the price of the transaction in its agreement with customers, using this judgement, the Company estimates the impact of any variable contract price on the contract due to discount, fines, any significant financing component in the contract, or any non-cash contract.

Control transfer in contracts with customers

- If the Company determines the performance obligations satisfaction at a point of time, revenue is recognized when control of related contract' assets are transferred to the customer.

In addition, the application of International Accounting Standard (IAS) No. 15 has resulted in:

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Allocation of the transaction price of performance obligation in contracts with customers

The Company elected to apply the input method to allocate the transaction price to performance obligations accordingly that revenue is recognized over a period of time, the Company considers the use of the input method, which requires recognition of revenue based on the Company's efforts to satisfy performance obligations, provides the best reference to the realized revenue. When applying the input method, the Company estimates efforts or inputs to satisfy a performance obligation. In addition to the cost of satisfying a contractual obligation with customers, these estimates include the time spent on service contracts.

Other matters to be considered

Variable consideration if the consideration pledged in a contract includes a variable amount, then the Company shall estimate the amount of the consideration in which it has a right in exchange for transferring the goods or services pledged to the customer, the Company estimates the transaction price on contracts with the variable consideration using the expected value or the most likely amount method. This method is applied consistently throughout the contract and for identical types of contracts.

The significant funding component

The Company shall adjust the amount for the contract pledged for the time value of the cash if the contract has a significant funding component.

Revenue recognition

Revenue from the sale of goods

Revenue are recognized when control of the ownership of the goods sold is transferred to the buyer, when ensuring that the value of these goods is recovered and the associated costs are estimated, as well as the return from them in a way that can be trusted, with the inability of management to cause any subsequent impact on the goods sold, and with the possibility of measuring revenue in a form that can be trusted, and in the case of export sales, the transfer of control of the sold goods is determined according to the terms of shipment.

38-4 Employee benefits

Profitability of the employee's share of profit is recognized in the respective period.

38-5 Expenses

The recognition of all operating expenses, including general and administrative expenses charge in the statement of profit or loss in accordance with the accrual basis in the financial period where these expenses were incurred.

38-6 Finance income and finance costs

The group's finance income and finance costs include:

- Interest income;
- Interest expense;
- Dividend's
- Impairment losses for financial assets except trade receivables.
- Ineffective hedging recognized in profit or loss.

Interest income or expense is recognised using the effective interest method, dividends are recognized in profit or loss on the date of the right to receive the dividends.

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38-7 Earnings per share

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

38-8 Income tax

The group decided that interests and fines related to income tax including uncertain tax liabilities, does not meet the definition of income taxes, and are there for calculated under IFRS standard : contingent liabilities and provisions and contingent assets

Current and deferred tax are recognized as revenue or expense in the profit or loss for the period except for the cases in which the tax arises from a process or events that is recognized in the same period or in a different period outside the profit or loss whether in the other comprehensive income or directly in equity or business combination.

38-8-1 Current income tax

The current and prior periods is recognized as a liability to the extent that it has not yet been settled and as an asset to the extent that the amount already paid exceed the amount due.

Current tax assets and liabilities are measured at the amount expected to be paid to received from taxation authorities using the rate / laws that have been enacted or substantively enacted by the end of financial period. Dividends are taxed as part of the current tax assets and tax liabilities cannot be offset unless certain conditions are met

38-8-2 Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets on liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- The initial recognition of goodwill.
- And the initial recognition of an asset or liability in a transaction:
 - (1) That is not a business combination.
 - (2) and that affects neither accounting profit nor taxable profit (taxable loss)
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the group. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Offsetting tax assets and liabilities is not made until certain conditions are met.

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38-9 Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is based on the moving average method. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. The cost of inventory includes purchase costs and other costs incurred by the company to bring the inventory to its current location and condition and does not include lending costs. The selling value is represented in the expected selling price through normal activity less the estimated cost of completion and selling expenses. Any reduction in the value of inventory is recognized. As an expense resulting from the decrease in the selling value of the inventory in its book value, as well as all other losses of the inventory as an expense in the period in which the decrease or loss occurs

38-10 Property, plant & equipment

38-10-1 Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

The group management decided to adopt the revaluation model per international accounting standards No.16 “Property, Plant and Equipment” in respect to the land owned by the subsidiaries of the group.

After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

The frequency of revaluations depends upon the changes in fair values of the items of property, plant and equipment being revalued. When the fair value of a revalued asset differs materially from its carrying amount, a further revaluation is required. Some items of property, plant and equipment experience significant and volatile changes in fair value, thus necessitating annual revaluation. Such frequent revaluations are unnecessary for items of property, plant and equipment with only insignificant changes in fair value. Instead, it may be necessary to revalue the item only every three or five periods.

If an asset's carrying amount is increased as a result of a revaluation, the increase shall be recognized in other comprehensive income and accumulated in equity under the heading of revaluation surplus. However, the increase shall be recognized in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognized in profit or loss statement.

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The revaluation surplus included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognized. This may involve transferring the whole of the surplus when the asset is retired or disposed of. However, some of the surplus may be transferred as the asset is used by an entity. In such a case, the amount of the surplus transferred would be the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost. Transfers from revaluation surplus to retained earnings are not made through profit or loss.

If an item of property, plant and equipment is revalued, the entire class of asset to which that asset belong should be revalued.

38-10-2 Subsequent expenditure

Subsequent expenditure is capitalised on the acquisition of an assets only if it is probable that the future economic benefits associated with the expenditure will flow to the group.

38-10-3 Depreciation

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values (using the straight-line method) over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated. The estimated useful lives of property, plant and equipment for current period.

	<u>Useful life /Periods</u>
Buildings	20-40
Lease hold improvements	3
Machinery and equipment	3-16.67
Vehicles	3-10
Tools and Supplies	5
Furniture, office equipment & computers	4-12.5

- Leasehold improvements are depreciated over the period of the contract or useful life of the lease whichever is less.

- Depreciation methods, useful lives and residual values are reviewed at the end of each financial period and adjusted if appropriate.

38-11 Projects under construction

This item represents the amounts spent for constructing or acquiring of Property ,Plant and equipment. Whenever it is completed and ready for its intended use in operations, then, it is transferred to Property , plant and equipment. Projects in progress are recorded at cost, and not depreciated until transferred to Property , plant and equipment.

38-12 Intangible assets

38-12-1 Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries. Goodwill is stated at cost less accumulated impairment losses if any. Goodwill is allocated to cash-generating units and is tested annually for impairment

In respect of acquisitions that have occurred, goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets acquired. Positive goodwill is stated at cost or deemed cost less accumulated impairment losses.

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38-12-2 Other Intangible Assets

Intangible assets and development costs are valued at cost, and amortized over ten periods. Lecico Lebanon (a subsidiary) recognizes a payment to enter a lease agreement as an intangible assets this asset has an indefinite legal life, accordingly it is not amortized but is subjected to an annual impairment test.

38-12-3 Amortization

Amortization is charged to cost of intangible assets less their estimated residual value using (straight line method) over estimated useful lives of those assets and the amortization charge is recognized as an expense in profit and loss. Goodwill is not amortized.

38-13 Leased contracts

The standard sets out principles related to the recognition, measurement, presentation and disclosure of lease contracts, the aim is to ensure that the lessee and lessor provide relevant information in a way that present fairly the transactions this information provides a basis for users of financial statements to assess the impact of lease contracts on the financial position, financial performance and cash flows of the entity.

At the inception of the contract, it is assessed whether the contract is a lease or involves a lease if the contract conveys the right of use specified asset for a period in exchange for consideration.

Lease contract period is determined as the non-cancellable period in the lease agreement along with each of:

- a. The periods covered by an extension option of the lease contract if the lessee is reasonably certain of exercising this option.
- b. The periods covered by a termination option of the lease contract if the lessee is reasonably certain not to exercise that option.

Initial measurement of the right of use asset:

The cost of the right of use asset is:

- A- The initial measurement amount of the lease obligation, at the present value of the unpaid lease payments at that date. Lease payments are discounted using the interest rate implicit in the lease, if that rate can be easily determined. If this rate cannot be determined, the lessee must use the interest rate on the additional lessee's borrowing.
- B- Any lease payments made on or before the lease commencement date less any lease incentives received.
- C- Any initial direct costs incurred by the lessee.
- D- An estimate of the costs to be incurred by the lessee in disassembling and removing the asset subject to the contract, returning the location where the asset is to the original state or returning the same asset to the required condition in accordance with the terms and conditions of the lease, unless those costs are incurred to produce the inventory. On the date of commencement of the lease or because of the use of the underlying asset within a certain period.

Subsequent measurement of the right of use assets:

After the start date of the lease contract, "the right of use" asset is measured using the cost model, under the cost model right of use asset is measured at cost:

- 1- Deduct by any accumulated depreciation and any accumulated impairment losses;
- 2- Amended by any re-measurement of the lease obligation.

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- **Initial measurement of lease obligation:**

At the inception of the lease, the lease liability is measured at the present value of the unpaid lease payments at that date. Lease payments are discounted using the interest rate implicit in the lease if that rate can be easily determined. If this rate cannot be easily determined, the lessee must use the company's additional borrowing rate as a lessee.

- **Subsequent measurement of the lease obligation:**

After the start date of the lease, the following are:

- 1- Increase the book amount of the obligation to reflect the interest on the lease obligation;
- 2- Reducing the book amount of the obligation to reflect rental payments.
- 3- Re-measure the book amount of the obligation to reflect any reassessment or adjustment of the lease contract or to reflect the fixed lease payments in its adjusted core.

The principal of the right of use and the obligations of leases are displayed in the financial position list separately from other assets and liabilities.

Leases contracts include the lessee's maintenance and insurance of the leased asset and the lease does not involve any arrangements for the transfer of ownership at the end of the lease period.

For a contract with a rental component with one or more rental components, (if any), the compensation in the contract is allocated to each rental component on the basis of the independent proportional price of the rental component and the total independent price of non-rental components. As a practical means, and within the scope of what the standard allows, the company as a lessee may choose by the category of the asset in place of the contract not to separate non-rental components from the rental components, and thus account for each rental component and any associated non-rental components as a single rental component.

38-14 Financial instruments

Recognition and initial measurement

Other current assets are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortized cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

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A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect future cash flows and selling financial asset.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of (principal and interest on the principal amount outstanding).

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not previously designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- Its contractual terms give rise on specified dates to cash flows that are solely payments of (principal and interest on the principal amount outstanding).

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets- Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;

How the performance of the portfolio is evaluated and reported to the Company's management; and

The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.

How managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

The frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed (if any) and whose performance is evaluated on a fair value basis are measured at FVTPL.

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Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, ‘principal’ is defined as the fair value of the financial asset on initial recognition. ‘Interest’ is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- Contingent events that would change the amount or timing of cash flows.
- Terms that may adjust the contractual coupon rate, including variable-rate features.
- Prepayment and extension features; and
- Terms that limit the Company’s claim to cash flows from specified assets (e.g., non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual per amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets – Subsequent measurement and gains and losses

Financial assets classified at FVTPL	Financial assets at FVTPL are measured at fair value. Changes in the fair value, including any interest or dividend income, are recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

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Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative, or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

Derecognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognized in its statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

Offsetting

Financial assets and financial liabilities are offset, and the net amount presented in the statement of financial position when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Financial derivatives and hedge accounting

The Group holds derivative financial instruments to hedge foreign currency and interest rate risks. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met. Derivatives are initially measured at fair value. Following initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss. The Group classified certain derivatives as hedging instruments to hedge against the variability in cash flows associated with highly probable forecast transactions resulting from changes in foreign currency exchange rates and interest rates and some derivatives and non-derivative financial liabilities as a hedge against foreign exchange risk on a net investment in a foreign operation.

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38-15 Share capital

38-15-1 Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction are accounted for in accordance with IAS 12 "Income tax".

38-15-2 Repurchase reissue of ordinary shares (treasury stock)

When issued capital share (treasury shares) is repurchased, the amount of consideration paid, including directly attributable costs, is recognized as a change in equity. Repurchased shares are classified as treasury shares and presented as deduction from total equity when selling or reissuing treasury shares, proceeds are recognized as increase in equity, excess and deficit that results from this transaction are presented as premium shares.

38-16 Impairment

38-16-1 Non-derivative financial assets

Financial instruments and contract assets

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVOCI.
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.
- Loss allowances for trade receivables and lease receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a 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:

- The debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as releasing security (if any is held)
- The financial asset is more than 90 days past due.

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The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. 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).

ECLs are discounted at the effective interest rate of the financial asset.

38-16-2 Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or being more than 180 days past due;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is probable that the borrower will enter bankruptcy or other financial reorganization
- The disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in OCI.

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**Financial assets at
amortized cost
(If any)**

The Company assessed evidence of impairment for these assets at both an individual asset and a collective level. All individually significant assets are individually assessed for impairment. Those found not to be impaired are then collectively assessed for any impairment that has been incurred but not yet individually identified. Assets that are not individually significant are collectively assessed for impairment. Collective assessment is carried out by Companying together assets with similar risk characteristics.

In assessing collective impairment, the Company used historical information on the timing of recoveries and the amount of loss incurred and made an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than suggested by historical trends.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

**Equity-accounted
investees (If any)**

Impairment losses in equity-accounted investees are measured by comparing their carrying amount with the recoverable amount, and the impairment losses are recognized in profit or loss and the impairment loss is reversed when preferential changes occur in the estimates used to determine the recoverable amount.

**Financial assets
FVOCI (If any)**

Impairment losses on Financial assets FVOCI are recognized by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortization) and the current fair value, less any impairment loss previously recognized in profit or loss.

If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognized, then the impairment loss is reversed through profit or loss. Impairment losses recognized in profit or loss for an investment in an equity instrument classified as available-for-sale in profit or loss are not reversed.

For investment in equity instrument, objective evidence include significant or contrinuous impairment and decrease in fair value than cost

38-16-3 Non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, work in progress, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment-if any.

For impairment testing, assets are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

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An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill – if any- is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized in the previous periods.

38-17 Provisions

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

38-18 Export Subsidy Revenues

Export subsidy revenues are recognized at statement of Profit or loss according to accrual basis, and deducted from the cost of sales.

38-19 Cash and Cash Equivalents

Cash and cash equivalent comprises cash balances and call deposits. For the purpose of preparing the cash flow statement, cash and cash equivalents are defined as balances of cash on hand, bank current accounts, notes receivable and time deposits with maturity of less than three months. The Bank overdrafts which are repayable on demand form an integral part of the company's cash management. Accordingly, bank overdrafts are included as a component of cash and cash equivalents for the purpose of preparing the cash flow statement.

38-20 Borrowing Cost

The borrowing cost, represented in interest expenses, is recognized in the income statement under the "Financing Expenses" account in the period in which it occurs.

Those borrowing costs to be considered as parts of a qualified fixed asset that take a substantial period to be prepared for its intended use are capitalized.

38-21 Segment Reporting results

A segment is a distinguishable component of the Group that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment)

38-22 Consolidated Cashflows Statement

The cashflows statement is prepared according to the indirect method.

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39- Hyperinflation

Lebanon was identified as a hyperinflationary for periods ending on or after September 30, 2020. The International Monetary Fund has not published projections for Lebanon after 2020. The Lebanese Central Administration of Statistics (CAS) has published monthly CPI data through October 1, 2022. Based on the latest data of the Lebanese Central Administration of Statistics (CAS), the consumer price index increased by approximately 86.19% during the first ten months of 2022, taking the 3-period cumulative inflation rate to 1,574.3% at the end of October 2022.

Lebanon should be considered hyperinflationary for the annual reporting period ending 31 December 2022.

40- The new and amended International Financial Reporting Standards applied in the consolidated financial statements

The following new and revised IFRSs that became effective for annual periods beginning on or after January 1, 2023 have been applied in these consolidated financial statements. The application of these IFRSs had no material impact on the amounts in the current or previous periods.

40-1 New and revised IFRSs in the making but not yet effective and not early adopted

	<u>Applicable for the period on or after</u>
Amendments to IFRS 16 Lease Obligation on Sale and Subsequent Leaseback Measurement of Sale and Leaseback Transactions Satisfying the Lease Clarifies how a seller meets the requirements in IFRS 15 to be accounted for as a sale	January 1, 2024
Amendment to IAS 1 Non-Current Liabilities with Terms- Clarifies how the terms that an entity must comply with it within twelve months after the reporting period affect the classification of the liability	January 1, 2024
Amendments to IAS 1 - Amendments to Practice Statement 2 for IFRSs Relative Judgment Disclosure of Accounting Policies	January 1, 2024
Amendments to IFRS 10 Consolidated Financial Statement and Accounting Standard The application date has been deferred International No. 28 - Investments in Associates and Joint Ventures (2011)	Date has been postponed and still allowed
Amendments to IAS 21 -lack of exchangeability	January 1, 2025
Amendments to IFRS 18- presentation and disclosure in Financial Statements	January 1, 2027

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- * The management expects that these new standards, interpretations and amendments will be adopted in the consolidated financial statements when they are effective, and the application of these new standards, interpretations and amendments may not have a material impact on the consolidated financial statements in any period initial application.

40-2 New standards or amendments in existing standards applied starting from April 1, 2023.

IFRS 17 “Insurance Contracts”

IFRS 17 “Insurance Contracts” applies to: insurance contracts, including reinsurance contracts, issued by an entity with specified exceptions; reinsurance contracts held by an entity; and investment contracts with discretionary participation features issued by an entity that issues insurance contracts. An insurance contract is defined as ‘a contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder’. In the statement of financial position, an entity is required to measure profitable insurance contracts at the risk-adjusted present value of the future cash flows plus unearned profit for services to be provided under the contract. IFRS 17 requires an entity to recognise profit from a group of insurance contracts over the period the entity provides services, and as the entity is released from risk. If a group of contracts is or becomes loss-making, the entity is required to recognise the loss immediately. The Accounting Standard also requires insurance revenue, insurance service expenses, and insurance finance income or expenses to be presented separately.

Moreover, after assessment made by the management, the management has concluded that the standard will not have any impact of on the Company’s interim condensed financial statements as of and for the period ended December 31, 2023.

41- Reclassification

There is a reclassification at the comparative figure to be presented with the current profit or loss presentation consolidated.